

# Herald Tribune

PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST  
Paris, Saturday-Sunday, January 8-9, 1994

No. 34,480

## Time for Allies to Take The Measure of Clinton

### Europeans Search for Fresh Signs Of a Commitment to Their Security

By William Drozdiak  
Washington Post Service

BRUSSELS — When Bill Clinton strides into NATO's headquarters here on Monday to attend his first meeting of alliance leaders, he will be subjected to greater scrutiny by his European peers than perhaps any other American president since World War II.

At a time when deep recession and the dark forces of nationalism have plunged Europe into a crisis of confidence, the allies are desperately searching for signs of renewed commitment that the United States will remain intimately involved in the Continent's security and not retreat to the safety of its shores an ocean away.

For the last year, Mr. Clinton's neglect of Europe confirmed suspicions among America's Cold War allies that, with the passing of the Soviet threat, the United States had started looking elsewhere to shore up its strategic interests. The administration's emphasis on domestic reform, its flirtation with Asia and its repudiation of a "Eurocentric" past contributed to fears, in both East and West, of American abandonment.

Mr. Clinton's handling of the Balkan conflict also convinced many Europeans that the United States was pulling back from its dominant role in preserving continental stability.

For the first time since the alliance was founded, the United States refused to take the lead in coping with a threat to European security. After proclaiming that Serbian aggression could not be tolerated, Mr. Clinton changed tack and averred that the Bosnian war was strictly a European problem.

"Many of us have come to realize that the strategic decoupling we long feared might happen has, in fact, already taken place," said Pierre LeGoff, a Gaullist deputy and diplomatic adviser to the French presidential hopeful Jacques Chirac. "Even if some American troops stay behind, Europe has basically been left alone to face the turbulence of the 1990s."

Other European analysts see a growing aversion to commit American lives to the Continent's defense after triumph in the Gulf War and quagmire in Somalia imbued U.S. voters and policymakers alike with a disdain for any foreign military adventures that are not "zero dead" wars.

"Americans respond well in grand visions and clearly defined dangers, such as those prevailing during the Cold War," said Jonathan Eyal, director of studies at the Royal United Services Institute, in London.

"The United States, however, is ill-equipped to deal with the much more ambiguous challenges of today's Europe," he said. "For a country created by people who chose to leave their nationalism behind, ethnic and territorial disputes are regarded as diseases of the past, problems artificially encouraged by unscrupulous leaders."

Recognizing the need to restore faith among the allies, the Clinton administration's foreign policy architects have vowed to make 1994 the Year of Europe.

Besides this trip, Mr. Clinton is scheduled to visit Europe three more times this year, to:

See CLINTON, Page 4

## U.S. Proposes Poland Host Joint NATO Maneuvers

### Partnership Is Endorsed By Defense Ministers of 4 East European States

By David B. Ottaway  
Washington Post Service

WARSAW — The United States proposed Friday that NATO and Polish forces conduct joint military exercises in Poland this year as defense ministers of four East European nations formally endorsed the Partnership for Peace proposal for a start on military cooperation.

In a meeting with President Lech Walesa of Poland, General John M. Shalikashvili, chairman of the U.S. Joint Chiefs of Staff, said the North Atlantic Treaty Organization was ready to hold such exercises as a concrete illustration of its readiness to begin building a new military relationship immediately with the countries of Eastern Europe, according to U.S. officials.

It was not immediately clear how Russia might react to the possibility of having NATO forces conducting military exercises in a neighboring country with troops that for 45 years were a part of the old Soviet-dominated Warsaw Pact.

General Shalikashvili said he was prepared to make the same offer to any other East European country that signed on to the U.S.-initiated Partnership for Peace plan. NATO is expected to formally endorse the Partnership at its summit meeting in Brussels on Monday and Tuesday.

The plan offers East European countries a cooperative link in NATO but not full membership.

After a day of talks here with Polish and other East European officials, the Clinton administration's two special envoys, General Shalikashvili and Madeleine K. Albright, the chief U.S. delegate to the United Nations, expressed new optimism that the much-criticized plan was gaining general support.

"I remain optimistic that Poland will become a very active member of the Partnership for Peace," the general said.

Mrs. Albright added that it was no longer "a question of whether, but of when and how" Poland and other East European nations would agree to the proposal.

General Shalikashvili stressed that those countries willing to participate in the Partnership would be those most likely to be considered eventually for full NATO membership.

President Bill Clinton sent the two envoys to lobby for the proposal after it became clear that many East European leaders were deeply skeptical that it had any real substance and were upset that it fell far short of offering them any security guarantees.

Carefully choosing their words, the two U.S. envoys said that the security of Poland was of "direct and material interest" to the United States, although they were unable to answer questions from Polish reporters as to what precisely this meant.

American officials said the defense ministers from Poland, Hungary, the Czech Republic and Slovakia, who met with the two Clinton administration officials Friday, had made it clear that they were ready to sign on to the Partnership plan if only because they had no other choice before them.

Their general feeling, according to these officials, was that the plan had at least met their minimum needs even if it fell far short of their wish to become full NATO members.

The defense ministers issued a joint communiqué saying the Partnership was "a step in the right direction, favorable to the idea of multilateral security, and leads to a broadening of cooperation between NATO and the states of central Eastern Europe."

But they also insisted that the plan, providing for a series of bilateral accords for progressively closer military cooperation, "must lead to full

See PARTNERS, Page 4



HIGH FLAMES IN SYDNEY — A suburban resident hosing down a roof as firestorms flared 10 kilometers from the city center.



HIGH WATER IN PARIS — The swelling Seine submerging the island of the Statue of Liberty on Friday. Page 2.

## When the Wall Crumbled, So Did Berlin's Self-Confidence

By Stephen Kinzer  
New York Times Service

BERLIN — Poised to become a major political and financial center of the 21st century, Berlin is nonetheless gripped by uncertainty and insecurity.

For nearly 50 years, life in Berlin has been predictable and, in the West, very good indeed. Eager to make West and East, the old West German Berlin an attractive place to live, the old West German government gave its residents special concessions, ranging from tax credits to cheap theater tickets to a blanket exemption from the military draft. Tourists filled the city, needing no advertising to draw them to a place where they

could see the division of the world on a half-day bus tour.

But when the Berlin Wall came down four years ago, much of what made the city so unusual crumbled with it. Berlin is no longer a brave island of freedom surrounded by a totalitarian sea, its fate intimately tied to that of democracy around the world. It is instead just another European metropolis, one with a rich history to be sure, but one that must now compete and make its own way like any other.

Bad news has been assailing Berliners from various quarters. Federal tax credits that meant more than \$1,000 a year to most families here are being reduced, and will be gone by the end of 1994. The city budget is being slashed,

forcing institutions like the long-sacred Schiller Theater in close. Several large corporations have reduced or ended their Berlin operations, moving thousands of jobs to points east.

In addition, the reunified and freely accessible Berlin has begun to suffer the problems that face most big cities. Rising crime, dirty streets, graffiti and traffic jams are eroding the pride that Berliners have traditionally felt in their city.

Many here are also unnerved by the prospect that the last Western forces are to be withdrawn from Berlin this year. Two generations of Berliners have grown up with the West-ern troops and now look back nostalgically on the sense of safety they provided. Facing a Europe increasingly troubled

by demons old and new, even some Berliners who once demonstrated against the troops are not entirely happy that they are finally leaving.

"Berlin has a lot of problems, including many which can't be understood by outsiders," said Wilfried Mithausen, who runs an advertising agency here. "Until Berlin is happy with itself again, it won't be able to project a positive attitude."

Perhaps the sharpest recent blow to Berlin's self-confidence was the defeat the city suffered in its bid for the

See BERLIN, Page 2

## China and India Are Towing Regional Economies Along

By Michael Richardson  
International Herald Tribune

SINGAPORE — Increasingly open economies in China and India will force smaller countries in Asia to accelerate the pace of their liberalization and develop closer economic links with the two regional giants to stay afloat in the global market.

Opinion about the outlook for China and India, however, could be upset if either experiences prolonged trade conflict with the West or serious social-political turmoil at home, analysts and economists say.

Hong Kong stock prices plunged for the

second consecutive day Friday as foreign investors sold on worries about China's stability and news that the United States would slash import quotas for Chinese textiles. Nearly all other Asian markets, hurt by profit-taking after recent steep gains, tumbled along with Hong Kong on Friday. (Page 9)

But most analysts said that bullishness about regional growth prospects was undimmed.

"It's not that I have any major worries about these economies," said Nick Knight, an equity strategist for Neumann Securities Co., which this week advised clients to cut their holdings of Hong Kong stocks, and quit the Malaysian and Philippine stock markets altogether. "It's just

that after strong gains, market valuations are beginning to look stretched."

Unlike most other Asian countries, China and India, with combined population of more than 2 billion, have huge domestic markets.

As they grow, these markets are "reaching threshold levels which spur sharp increases in demand for a whole range of middle-class goods and services," said Manu Bhaskaran, economic research director of Crosby Securities Pte. in Singapore.

Since a major part of the future reform program in China and India would involve deeper cuts in trade barriers, liberalization of financial markets and freeing of currencies, he said that

demand for goods and services from other regional countries would rise.

China's rapid growth since it started in open its economy in 1979 has already stimulated trade and investment from Southeast Asia.

Exports from Indonesia, Malaysia, the Philippines, Singapore and Thailand to China nearly doubled in the five years to 1992, when they totaled more than \$18 billion.

Investments from these countries in China rose to \$2.3 billion in 1992, up from \$332 million the year before.

Southeast Asian countries such as Malaysia,

See ASIA, Page 13

## Attack May Force Skater From Olympics

DETROIT — Nancy Kerrigan, the U.S. figure-skating champion, withdrew from the national championships Friday after having been hit in the knee by an assailant, and officials said it was not known whether she would be able to compete in the 1994 Winter Olympics next month.

Severely bruised Thursday night, Kerrigan's right knee worsened overnight and doctors who drained blood from it Friday morning decided that skating might cause further injury.

Kerrigan had been scheduled to compete in the technical program Friday and the free skate Saturday.

The decision "was based on pain in her right knee, even after the doctor used a local anesthetic to numb the knee," Dr. Mahlon Bradley said.

Later, Kerrigan, her voice breaking, told re-



Nancy Kerrigan at the 1992 Olympics.

porters she could not understand why anyone would want to hurt her.

"I'm O.K.," she said. "I'm upset and angry that someone would do this. I really wanted to skate today."

She said she had received two "strange" letters from a man who lived in Ontario, Canada, across the river from Detroit, but that they were not threatening.

"There was nothing bad," she said. "It was a fan that was very complimentary about my figure and me as a person and my skating."

She said she had not responded to the letters.

Kerrigan said she still hoped she would be chosen for the U.S. Olympic team.

U.S. figure skating rules preclude a competitor from being selected for the Olympic team if the athlete does not participate in the national

See SKATER, Page 17

## Kiosk Inkatha to Shun All-Race Election

DURBAN, South Africa (Reuters) — South Africa's Zulu-based Inkatha Freedom Party said Friday that it would not take part in the country's first all-race elections, in April, but left the door open to further negotiations.

Inkatha said it would reconsider its boycott if its demands for greater regional powers and fiscal autonomy were met by the South African government and its rivals, the African National Congress.

## Up and Coming

An occasional series about the leaders of tomorrow.

Dominique Vingtaine, curator of Avignon's papal palace, is at 31 one of the youngest people hold such a senior position in France's cultural establishment.

**Tastemakers**  
An occasional series about people for whom style is a way of life.

The designer Jean Muir, the new Master of the Royal Society of Arts, is passionate about her role of building bridges between art and industry.

Book Review  
Crossword  
Page 7.  
Page 17.

## Viacom to Merge With Ally in Bid For Paramount

By Lawrence Malkin  
International Herald Tribune

NEW YORK — With hours to spare before the deadline, Viacom Inc. put together an \$8.4 billion merger to stay in the bidding for the entertainment giant Paramount Communications Inc., in Wall Street's biggest and most dramatic takeover battle since the merger mania of the 1980s.

In order to increase his financial muscle in this fight for an entry on the almost mythical information superhighway, Viacom's chairman, Sumner Redstone, announced a plan to merge his cable company with Blockbuster Entertainment Corp., a nationwide chain of video stores. Viacom owns the phenomenally successful music channel MTV, which has invaded the airwaves worldwide.

Mr. Redstone, who has said it would take a "nuclear attack" to prevent him from acquiring Paramount in this battle of big business egos, said he now would be able to offer cash worth \$105 a share for Paramount and stock for the rest.

If the fine print supports his calculations, this will be a knockout bid against QVC Network Inc., a home-shopping network built from scratch within a few years by Barry Diller. Mr. Diller extended Fox Network for Rupert Murdoch and used to work for Paramount until he quarreled with its chairman, Martin Davis. The Paramount board has 10 business days to think about it and await another counteroffer.

The original Diller bid, backed by the region-

See VIACOM, Page 10

Dow Jones	Up 16.89	3,820.77
S&P 500	Up 0.57%	112.36
The Dollar		
New York	1.7275	1.7446
DM	1.483	1.4813
Pound	1.1185	1.1260
Yen	5.8828	5.885
FF		

Newsstand Prices		
Andorra	5.00 FF	Luxembourg 60 L.
Antilles	11.20 FF	Morocco 12 Dh
Armenia	700 CFA	Qatar 8.00 Rials
Comoros	500 CFA	Reunion 11.20 FF
Egypt	9.00 FF	Saudi Arabia 5.00 R.
Gabon	480 CFA	Senegal 480 CFA
Greece	300 Dr.	Turkey 1,000 Liras
Ivory Coast	500 CFA	Turkey 1,000 Liras
Jordan	1 JD	U.A.E. 4.30 Dirh
Lebanon	US\$ 1.50	U.S. MIL (Eur) 1.91/10







## THE AMERICAS / A MALL EXPERIENCE

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## ★POLITICAL NOTES★

## Clinton and His Half-Brother Grieve

HOY SPRINGS, Arkansas — A somber President Bill Clinton consoled his half-brother Friday after they paid a 15-minute private visit to the funeral home where their mother, Virginia Kelley, lay at rest.

With snow on the ground and temperatures below freezing, Mr. Clinton, his stepfather, Richard Kelley, and half-brother, Roger Clinton, all dressed casually, came to the funeral home alone in advance of a public viewing expected to draw thousands.

Roger Clinton, 37, wept as he left the funeral home. The president put his arm around the younger Clinton's shoulder. The three then climbed into a limousine for the ride back to the Kelley home.

Funeral services for Mrs. Kelley, who died in her sleep early Thursday after a battle with breast cancer, will be held on Saturday. Mr. Clinton does not plan to speak at the funeral, although he has not made a final decision, said Jeff Eller, a White House spokesman.

Mr. Clinton, who was to be joined by his wife, Hillary, and their daughter, Chelsea, later Friday, planned to spend most of the day going over funeral arrangements and meeting with friends and neighbors, Mr. Eller said.

"They're going through old photo albums," Mr. Eller said, adding of the president, "He seems to be bearing up pretty well." (AP)

## Court Backs Full Airing of Iran-Contra Report

WASHINGTON — A U.S. appeals court denied the requests of some Iran-contra figures Friday that it withhold all or most of a special prosecutor's final report on the scandal. The report will be released "substantially in its entirety" in 10 days unless those who sought the suppression appealed to the Supreme Court, the appeals panel said. In that case, the release would be delayed until the high court acts.

The ruling did not say who was seeking suppression of the report from the special prosecutor in the case, Lawrence E. Walsh. But sources said that several court filings seeking major deletions from the report were made by attorneys for former President Ronald Reagan, former Attorney General Edwin Meese, 34, and the former White House aide Oliver L. North. The filings had been prompted by the three-judge panel's Dec. 3 announcement that it would soon release the report.

"It is in the public interest that this matter of extended national controversy be afforded as full a conclusion as possible," Judge David Sentelle wrote for the panel. "Therefore, rather than extend the controversy over the supposed, reported or suspected contents of the report, we have determined that the public interest will be served by actual disclosure." (AP)

## Fiscal Troubles of Cities and States Subside

WASHINGTON — City and state government officials from across the country have reported that fiscal conditions improved last year as a result of the general economic recovery. They said they expect the improvement to continue in 1994.

Nearly 62 percent of 374 elected municipal officials surveyed by the National League of Cities described overall economic conditions in their communities as "good" or "very good." Only 23 percent said conditions had become worse over the past year. In two previous surveys, about half the officials reported worsening conditions.

The National Conference of State Legislatures also said nearly all the states had reported that their budgets were in better shape than a year ago, with higher revenues and lower spending. Most states project stable or improving fiscal conditions this year, the conference reported.

The survey showed 24 states, the District of Columbia and Puerto Rico reported revenues on target through the early months of the 1994 fiscal year, which began in October, while 21 states said revenues were above projections. Only five states reported revenue collections so far this year below projections. (WT)

## Quota/Unquota

David Gergen, the White House counselor, on the political attacks against President Clinton over old real estate investments at a time when he, Clinton, was not even in the White House. "There is the decency that we owe to the public," he said. (Reuters)

## A Judge Finds He Can't Shake the Burden of Blackness

By David Margolick

New York Times Service

NEWARK, New Jersey — Almost a month has now passed since Judge Claude Coleman's fateful visit to the Mall in Short Hills, New Jersey, when an innocent Christmas shopping trip turned into a nightmare of false accusations, public humiliation and eventual vindication.

He is back behind the bench in Newark Municipal Court and back, at least superficially, to his old good-natured self.

But despite apologies from Bloomingdale's and the Millburn Police Department, Judge Coleman, who served as director of Newark's fire and police departments before joining the judiciary, is still smarting — and thinking.

He is pondering just how fragile things like a reputation and the presumption of

innocence can be. He is also wondering what, if anything, a black man must achieve to be beyond suspicion.

On Dec. 11, the 53-year-old judge entered Bloomingdale's and bought two pairs of women's gloves, presents for friends. He charged them to his Bloomingdale's credit card, looked at appliances, then left for a leather store a few doors away.

There, he suddenly found himself surrounded by walkie-talkie-toting security men from Bloomingdale's, who accused him of having used a stolen credit card and said they had the videotape to prove it. They made him put his hands in the air, then spread them on the counter, as they summoned the Millburn police.

When the police arrived, Judge Coleman again protested his innocence, asked to see his accusers and showed identification.

His hands were nonetheless cuffed — tightly and behind his back — and he was dragged through crowds of holiday shoppers to a police car. At the station house, he was chained to a wall and prevented from calling a lawyer and even from access to a toilet.

The police officer guarding him, Judge Coleman said, seemed to delight in bringing down a judge and was flabbergasted to meet a black man who had gone through life without ever having been handcuffed.

"It was clear to me that they intended to embarrass and humiliate me," he recalled in an interview.

It took the Millburn police three and a half hours to book Judge Coleman on charges of theft and fraud. It did not take Bloomingdale's much longer to realize it had the wrong man; a black man had traded

with a stolen credit card that day, but according to the clerk who waited on him, his skin tone, facial hair and clothing did not match Judge Coleman's.

By the time Bloomingdale's recognized its mistake, however, the case had taken on a life of its own. At the request of Judge Burrell Ives Humphreys, the assigning judge in Essex County, the local prosecutor's office had launched an investigation, and Judge Coleman had been suspended.

On Dec. 17, the charges against Judge Coleman were officially dropped. Four days later, Bloomingdale's called a press conference and apologized. It has since dismissed two of the security guards involved in the episode and has suspended a third.

The store's lawyer, Peter Harvey of Morristown, who is black, conceded that black

shoppers sometimes have problems. "I've been in stores where people have followed me, in places where I've been disrespected," he said.

Judge Coleman said that initially, he had been inclined to agree. But he said he had changed his mind as the facts came into focus and black friends of his had shared similar unhappy experiences in the Short Hills Bloomingdale's.

"This experience," he said, "has brought home to me what Arthur Ashe said shortly before he died: that no matter how many achievements you have, you can't shake the burden of being black in a white society. So long as any black person is thought of as a nigger, until all persons of color are looked upon with respect, none of us are going to be. And it doesn't matter whether you're a lawyer or a judge or a prosecutor."



Mayor Paul Johnson of Phoenix with an assault rifle seized by police officers. He is seeking support for a policy for cities similar to the order requiring federal agencies to scrap surplus weapons.

## U.S. Agencies to Scrap, Not Sell, Old Firearms

By B. Drummond Ayres Jr.

New York Times Service

WASHINGTON — The government has ordered all federal law-enforcement agencies to destroy their surplus and outmoded firearms rather than sell them to gun dealers for resale to the public.

In the last 10 years, more than 60,000 semiautomatic pistols, revolvers, rifles and shotguns have been sold by federal agencies to dealers for resale to the general public, with the proceeds from the dealers going to offset the operating costs of the agencies.

But the General Services Administration, the government's business manager and handoff, told federal agencies Thursday that in the future any firearms they no longer need, as well as any firearms they seize, must be made inoperable and then sold as scrap to be melted down.

The new federal policy is largely symbolic and will not cut very deeply into the nation's surplus gun market, in which hundreds of thousands of guns are sold annually, legally and illegally.

But the move closely follows an announcement Tuesday that the federal government intends to make it more difficult for gun dealers to acquire and hold sales licenses and will also try to set up a better system of monitoring and recording gun sales.

These steps came in response to the growing public concern about gun violence. More than 200 million guns are now in the hands of U.S. citizens, enough for every teenager and adult, a ratio that few other countries can equal.

## Clinton Is Told of Risk in Legal Sidesteps

Compiled by Our Staff From Dispatches

WASHINGTON —

Advisers to President Bill Clinton have warned him that in using the legal process to keep secret some investment records from his years in Arkansas, he runs the risk of damaging his credibility in the controversy over the Whitewater real estate venture.

Some advisers concede that failing to disclose the existence of a subpoena for records of the Clinton's real estate investment for two weeks was a "huge mistake" that damaged the president politically.

At White House request, the Justice Department issued a subpoena

for the records so that they would be under federal protection and out of public reach. The handover of the papers began on Thursday.

Further complications for the White House arose when it was learned that Attorney General Janet Reno has decided to ask a court to appoint an independent prosecutor to investigate Bill and Hillary Clinton's Arkansas land investments as soon as Congress enacts a law renewing her ability to do so.

Under the independent counsel law, which expired in December 1992, the attorney general could ask a three-judge panel to select a

counsel and chart a mission for cases involving high-level administration officials. The Senate has passed a bill reconstituting the law; it is awaiting a vote by the full House.

For now, the White House strategy is to try to mount a vigorous public defense while protecting all documents from release to congressional investigators and the media.

Mrs. Clinton is particularly adamant about shielding family records from disclosure, according to knowledgeable sources. She prefers to endure the pain of the current outcry rather than allow what she deems an abhorrent invasion of privacy, they said.

Some top White House aides argue that even though the Clintons may be justified on legal grounds in withholding the papers, it is politically untenable for them.

The case involves the Clintons' investment in Whitewater Development Corp., a project to develop vacation property in the Ozark Mountains of Arkansas. The Clintons were 50-50 partners with James B. McDougal, owner of the failed Madison Guaranty Savings & Loan, and his wife, Susan.

Whitewater and Madison Guaranty are the subject of a Justice Department criminal investigation that seeks to learn whether S&L funds were illegally diverted to the real estate deal or to Mr. Clinton's Arkansas political campaigns.

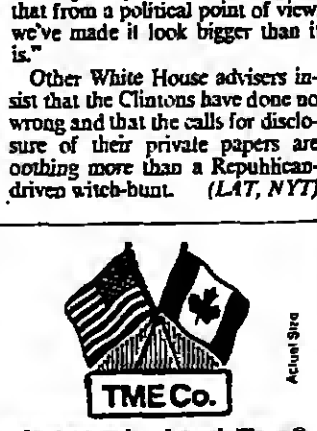
A senior adviser to the president has warned that the Clintons will "keep bleeding" through continued questions about their financial affairs until they share their personal

records with Congress and the public.

Another top aide said the Clintons were in a political vise, squeezed by demands for their papers and a desire to protect their privacy as well as the integrity of the ongoing criminal investigation of Mr. McDougal, their former business partner.

"You're trying to balance in all of this the president's and first lady's rights," said the aide. "Even if they are the president and the first lady, just because someone makes a charge, they don't have to turn over everything they own. That's a matter of principle. But we recognize that from a political point of view, we've made it look bigger than it is."

Other White House advisers insist that the Clintons have done no wrong and that the calls for disclosure of their private papers are nothing more than a Republican-driven witch-hunt. (LAT, NYT)



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## Packwood Runs but Can't Hide in Oregon

By Timothy Egan

New York Times Service

PHILOMATH, Oregon — He checks his hotel under assumed names and slips into public appearances through back doors or side entrances. He begins his speech on the balcony or in the hall, and then ends up talking about his sexual failures and who kissed whom first.

For Senator Bob Packwood, his first four of Oregon in more than four months has found him in the curious role of Senator Surreal.

A stop this past week at a shop that makes tents called yurts was typical. A small group of protesters clamored about complaints of sexual misconduct and charges that he mistreated his office.

As he tried to duck away from a placard shaped like a giant pair of lips that bore the words, "Kiss It Good-bye, Bob," the five-term Republican senator pleaded with his host to show him a tent.

"Show me a yurt, now," he said.

But when Mr. Packwood went into the over-

sized canvas tent, a chorus from protesters, "Off the road, Pack," entered with him, as did a demonstration.

Yet he breezily in Oregon, Bob, the protester said, referring to the fact that Mr. Packwood no longer has a residence in his state, having recently sold the trailer that served as his Oregon address.

"Don't I deserve a fair hearing?" Mr. Packwood replied, before ducking back out of the yurt.

A minute later, under a shower of questions from hecklers, reporters and spectators, he found himself explaining that, yes, he had tried to stick his tongue in the mouth of Gena Hutton of Eugene, Oregon, one of more than two dozen women who have filed sexual misconduct complaints against him with the Senate ethics committee.

He agreed that he had tried to proposition Mrs. Hutton more than 10 years ago, while he was still married and she was an Oregon coordinator for his Senate campaign.

It was the first time he had confirmed making

a sexual advance toward one of his accusers. But he hastened to add that nothing had come of his suggestions with Mrs. Hutton.

"Except that, later, she kissed me several times," he said. "We had a warm relationship. I enjoyed her tremendously."

Mrs. Hutton, in a statement issued later, said she could not recall kissing the senator.

Mr. Packwood then cut off questions to pose for pictures with a 10-year-old girl at the yurt plant.

So it went, back and forth between the prudent accusations and the charge that he had tried to persuade a lobbyist to find a job for his former wife.

His strategy is to hold on, survive the investigations by the ethics committee and the Justice Department, and hope that the Republicans gain control of the Senate in November, Mr. Packwood, as chairman of the Finance Committee, would once again be one of the most powerful men in Washington.

"It's a long shot," he conceded.

## Away From Politics

• Almost 73,000 pages of FBI files on the assassination of President John F. Kennedy and the investigation into Jack Ruby, the man who killed Lee Harvey Oswald, have been transferred to the National Archives in Washington.

• A Michigan appeals court panel has promised a speedy decision on the constitutionality of the state's ban on assisted suicide after hearing arguments in three cases. Two of the cases involve Dr. Jack Kevorkian, the pathologist who has been present at 20 suicides.

• Chemicals made to replace chlorofluorocarbons are environmentally safe, a study concludes. In a report in the journal Science, a federal researcher said experiments show that the replacement chemicals, hydrofluorocarbons, will not destroy the ozone layer, which helps shield the Earth from ultraviolet radiation. The chemicals are used primarily in air conditioning and refrigeration equipment.

• Two brothers described as the chief heroin smugglers for the Gambino crime family in the New York area have pleaded guilty to federal charges of narcotics trafficking, murder and other crimes. John and Joseph Gambino entered the pleas after prosecutors asked to recommend maximum sentences of 15 years without parole. The two men also pleaded guilty to charges of jury tampering, illegal gambling and loan sharking.

AP-WT, NYT

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GIVING THANKS — Hun Sen, Cambodia's second prime minister, handing out rice to Buddhist monks at Phnom Penh festivities commemorating the fall of the Khmer Rouge in 1979.

## China Warns U.S. Over Textiles Cuts, But Offers Talks

BEIJING — China threatened the United States with retaliation Friday for having ordered sanctions against textile imports, but offered further talks to resolve the dispute.

The Ministry of Foreign Trade and Economic Cooperation lodged what a spokesman called a serious protest of the U.S. decision. The amount of Chinese textile imports in the United States are to be reduced by 25 to 35 percent, effective Jan. 17, but retroactive to Jan. 1.

The United States accused China of cheating on \$2 billion of textile exports a year by sending its goods to the United States with labels from other countries.

The U.S. trade representative, Mickey Kantor, said he decided on the cut in China's quota because negotiations had ended in an impasse.

"This sort of action is very irresponsible," the Chinese trade spokesman said. "This will have a serious impact on Chinese-U.S. trade relations," he said. "If the U.S. side persists in

going its own way, this will force our side to take corresponding and retaliatory measures."

The statement did not outline what China's retaliation might be. But it added that China "will continue to talk according to the original plan and solve problems through negotiations."

The statement did not say when China would negotiate again with the United States.

In Washington, officials said Beijing had not accepted an invitation to meet this week.

A Chinese trade official said by telephone that China wanted to hold talks starting on Jan. 17, the day Mr. Kantor said the quota cuts would start.

Asked if that date were not too late for meaningful talks, now that Mr. Kantor has set the quota cuts in motion, the Chinese official said: "We are working very hard to resolve this contradiction."

Previous trade disputes between China and the United States, which takes a third of Beijing's exports each year, have all been resolved at the last minute.

## Gospel's Tough Sell in Tokyo

By Steven Brull

International Herald Tribune

TOKYO — Preaching the gospel in Japan, the saying goes, is like punching a pillow. There seems to be an impression made, but look again and it's gone.

In a nation of religious relativism, where people get married in churches, celebrate New Year's at Shinto shrines and have Buddhist funerals, even the Reverend Billy Graham, the globe-trotting American evangelist, is having a hard time communicating the exclusivist concepts of Christianity.

"People have the wrong concept of Christianity," Mr. Graham said in an interview Friday. "You can't be a Buddhist and a Christian."

Mr. Graham, 75 and fighting Parkinson's disease, has preached the gospel in person to more than 110 million people. But he will be lucky to fill the Tokyo Dome's 40,000 seats over four nights next week. The visit is his third to Japan.

"I've slowed down some," he said. "I don't use as many gestures or talk as loud."

The problem is not Mr. Graham, but the status of a religion whose beliefs run counter to those commonly held here. Although Japanese Christians have worshiped unfettered since World War

II, their religion has failed to penetrate deeply. Roughly 1 million Japanese, mostly urban professionals, profess to be Christian. That is less than 1 percent of the population, although the number of "latent" believers is probably several times larger. Roughly two-thirds of Japanese Christians are Protestant.

"Japanese are steeped in the relativism of Buddhism," said Don Hoke, a former Protestant missionary in Japan. "They have a hard time believing in absolutes like one God, one way, the truth and the right way."

Protestant leaders are hoping that Mr. Graham's visit will bolster morale by bringing together a community that feels excluded from the mainstream of a society that has little tolerance for differences. But there are few expectations that the sessions will reverse Protestant denominations' growing hardships.

Besides the religious gulf, Christian churches here are also hurting from the recession, which has cut into charitable contributions. The number of foreign missionaries to Japan has also fallen with the surge of the yen against the dollar. Worse, more missionaries are skipping Japan altogether to go to Russia and Eastern Europe, which have opened up in the aftermath of the collapse of communism.

## Pyongyang And Atom Agency Open Talks

Compiled by Our Staff From Dispatches

VIENNA — North Korean officials met Friday with representatives of the International Atomic Energy Agency for "working-level" talks on the inspection of nuclear sites, an agency statement said here.

The statement said a "contact" had taken place between North Korean representatives to the United Nations watchdog agency and officials from it, but did not give details except to say, "The contact is expected to continue next week."

In Seoul, South Korean officials said that North and South Korea were expected to exchange special envoys soon to discuss denuclearization of the Korean Peninsula.

The exchange could take place within the next few weeks, according to officials from the Foreign Ministry and the National Union for the Reunification of Korea.

Chang Joo Kyung, director general of the Foreign Ministry's American Bureau, confirmed the exchange of special envoys, but declined to disclose details.

He said, however, that the exchange should take place before the United States reopens higher-level talks with North Korea on normalizing relations.

The schedule, Mr. Chang said, is part of a broad agreement reached by the United States and North Korea in a longstanding dispute over the North's nuclear facilities.

The deal basically calls for North Korea to open all seven of its "declared" nuclear facilities to United Nations inspectors in exchange for improved ties with the United States.

An important issue left unresolved was UN access to two suspected waste sites in North Korea that Pyongyang does not "declare" as nuclear installations.

(AP, AP, Reuters)

## U.S. Optimistic on Reining In China Missile Sales

By Daniel Williams and Peter Behr

Washington Post Service

WASHINGTON — Despite its sharp differences with China on trade, the Clinton administration is making progress in its dispute with Beijing over missile proliferation, according to a senior U.S. official.

U.S. officials had strongly protested China's sale of M-11 missile parts to Pakistan as contrary to international efforts to limit the spread of such technology. For months, China had refused even to discuss the issue with the U.S. negotiator, Lynn Davis, undersecretary for international security affairs.

But a senior U.S. official said in an interview that China had indicated to the United States

that it "will meet, discuss and hopefully resolve" the dispute over sales of its missiles abroad.

Officials are optimistic that China will spell out in those talks its precise understanding of a previous commitment to abide by international guidelines against nuclear proliferation known as the Missile Technology Control Regime. Washington has sought new assurances of China's commitment to the guidelines.

In return, however, the United States has agreed to open talks with China over U.S. sales of F-16 jets to Taiwan, announced in 1992 by the Bush administration. U.S. officials said no veto of the sale of U.S. weaponry to Taiwan is implied.

In a move that a senior official characterized as "not unrelated," the Commerce Department was authorized to approve the sale of three U.S. satellites for launching on Chinese rockets. The State Department had blocked the satellites in retaliation for the M-11 sales.

The launching of the satellites will bring roughly \$200 million in revenue to their manufacturers, Hughes Aircraft and Martin Marietta, and their production will keep thousands of workers employed at those firms in California and New Jersey. "I would be disingenuous if I told you we are insensitive to the economic implications of this," said one senior official.

Sanctions on other high-technology items, however, remain in place, a State Department official said.

## Saudis Inform U.S. Firms of Cash Crunch

By John Lancaster

Washington Post Service

WASHINGTON — The Saudi ambassador, Prince Bandar bin Sultan, has told executives of three of the biggest U.S. defense contractors that his country is short of cash and needs more time to pay for weapons it has agreed to buy.

Prince Bandar told executives of McDonnell Douglas Corp., General Dynamics Corp., and Hughes Aircraft Co. last month that Saudi Arabia had every intention of making good on obligations to complete the purchase of \$30 billion in U.S.-made weapons over the next several years, according to Saudi and Pentagon sources.

"The prince is a member of the Saudi royal family and one of the world's richest men," said the executive at a Dec. 21 meeting at his mansion in Aspen, Colorado, that his country needed to reschedule its payments because falling oil prices had forced the kingdom to cut its spending by 20 percent.

Saudi finance officials arrived in Washington this past week to begin negotiations on a new payment plan, a source close to the Saudis said.

Though Saudi officials describe their financial problems as short-term, Prince Bandar's message has heightened concerns among U.S. officials about the effects of falling Saudi oil revenues on the U.S.

economy. Saudi Arabia has been a major buyer of U.S. arms since the end of the Cold War. It also has agreed to buy up to \$6 billion of U.S.-made commercial airliners.

Some analysts have begun to warn of a potential threat to the internal stability of Saudi Arabia if it is forced to scrap on domestic programs to finance its arms build-up.

The director of the Pentagon's military sales program, Lieutenant General Thomas R. Rhammes, briefed staff members of the Senate Foreign Relations Committee recently on the implications of Prince Bandar's initiative, Pentagon officials said.

General Rhammes then flew to Aspen with a delegation of Pentagon and State Department officials and industry representatives for a second round of meetings with Prince Bandar.

"Because of financial requirements affecting the kingdom of Saudi Arabia," a Pentagon statement said, "we must adjust the foreign military sales program to align it with the levels of oil-driven revenues."

Saudi and industry sources described the earlier meeting at Prince Bandar's Colorado home as an amiable, five-hour gathering.

General Dynamics is selling 315 M-1A2 Abrams tanks to Saudi Arabia for \$2.9 billion, including spare parts and training. The com-

pany was represented in Aspen by its president and chief executive, James R. Mellor.

Also present were John McDonnell, chairman of McDonnell Douglas, which has a \$9 billion contract with Saudi Arabia for 72 F-15 fighters, as well as Michael Armstrong, chairman of Hughes Aircraft, which is selling the Saudis an \$800 million computerized air-defense network.

Invited but unable to attend were representatives of Raytheon Corp., which is selling the country Patriot missile systems.

Saudi Arabia began buying large quantities of U.S. weapons in 1989 and stepped up orders following Iraq's invasion of Kuwait in August 1990. The country has ordered about \$30 billion worth of U.S. military equipment since its buying spree began.

Last fall, however, the Saudis began showing signs that they were living beyond their means: They fell behind on a \$500 million payment to a Pentagon account through which the U.S. contractors are paid.

The biggest fear among U.S. defense contractors is that Saudi Arabia will be forced to cancel or delay production of major weapons systems, which could lead to layoffs for thousands of workers. Although they declined to provide specifics, Saudi and industry

sources insist Saudi Arabia will follow through with its purchase plans, although with some changes.

Also at stake is the sale of up to \$6 billion in commercial airliners. Last year, after personal appeals from President Bill Clinton, King Fahd of Saudi Arabia decided to buy passenger jets from McDonnell and Boeing Co. But no purchase orders have yet been signed.

## Press Heiress Dies, Police Seek Spouse

By Ronald Sullivan

New York Times Service

NEW YORK — An heiress to the Scripps newspaper fortune died almost a week after the police said she had been bludgeoned by her estranged husband in their home in the affluent Westchester County community of Brookville.

The woman, Anne Scripps Douglas, 47, had an order of protection against her husband, Scott, the police said, and a warrant has been issued for his arrest.

But the police do not know if he is even alive. Shortly before they entered the Douglas home early Saturday morning, they found Mr. Douglas's empty car parked in the middle of the driveway with its motor running. A search of the Hudson River has failed to turn up his body.

"He could be in the water or he could still be running around," a police official said.

But the Scripps family had little doubt that Mr. Douglas was alive and announced a \$25,000 reward for information leading to his capture.

"We have reason to believe he did not take his own life," said a Scripps family lawyer, John Q. Kelly. "We believe it is quite possible he is alive."

Mr. Kelly gave news organizations pictures of Mr. Douglas, 38, a former house painter, and asked people who were on the Tappan Zee Bridge from 11 P.M. to midnight Dec. 31 to call a special police number if they saw anything that could help the investigation.



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## Justice Moves Slowly

U.S. Attorney General Janet Reno seems hellbent on sacrificing her reputation to the White House's effort to contain the Whitewater Development flap. Not only has she continued to refuse, on insupportably specious grounds, to appoint an independent counsel, it now emerges that by so refusing, she has bought time for Justice Department and White House lawyers to cook up a deal to keep the Whitewater records under wraps. Moreover, those records are being handled so sloppily that when an independent counsel is finally — and inevitably — appointed, that official will have to spend vast energy to be sure that no evidence has been destroyed.

Is no one at the White House reading the history of recent presidential scandals? These clumsy efforts at suppression are feeble and self-defeating. This White House's attempts to maintain political control of the investigation into the Clintons' real estate dealings in Arkansas are swiftly draining away public trust in their integrity.

Ms. Reno insists she does not wear the White House collar, but her news conference Thursday undermined that claim. She holds out the possibility that she will seek a court-appointed independent prosecutor as soon as the House passes legislation authorizing such positions. But Ms. Reno does not have to wait. She already has the authority to appoint a special prosecutor from outside her department, and congressional Republicans are

right to insist that she do so. When the Independent Counsel Act is revived — as it ought to be — then this special prosecutor can give way to a court-appointed prosecutor operating with even more independence.

The Justice Department's own namby-pamby inquiry has given the White House plenty of time to cover President Clinton's tracks. Ms. Reno's department has called for documents including papers that the White House counsel, Bernard Nussbaum, removed from the office of his deputy, Vincent Foster, after Mr. Foster's suicide last summer. Around Christmas, the White House said Mr. Clinton would turn over the documents voluntarily. But as late as Tuesday the White House said they were still being "catalogued."

Now it develops that the first boxes are just wending their way to Justice — protected by a government subpoena. The subpoena, previously undisclosed, serves mainly to maintain their secrecy and give Mr. Clinton more than three weeks to "catalogue" and deliver the papers. Yet Ms. Reno finds nothing amiss. Her career bloodhounds are on the case. Yes, she has the legal power to appoint an outside counsel, but she said Thursday, "that does not make that person independent. I mean, if I appoint somebody, I'm going to get blamed for what that person does or doesn't do."

How could matters be more mortifying for Justice than they are now?

— THE NEW YORK TIMES

## A Debt to Those Tested

Often when the federal government appoints a task force to study some problem, delay appears to be the objective. This seems not to be the case with the federal task force on radiation assembled by the White House this week. Spurred by stories — some of them around for a long time — of government-financed radiation-tolerance experiments on humans carried out from the '40s to the '70s, the Clinton administration has taken the problem in hand and set a schedule for action. The work may take many months or even years, but a straight course has been set.

The task force will be made up of representatives from the departments of Energy, Health and Human Services, Justice, Defense and Veterans Affairs, the National Security Council, the Office of Management and Budget and the National Aeronautics and Space Administration. The CIA was not represented at the initial meeting on Monday but will be included. The panel will be responsible for compiling information on all the experiments, locating the individuals who were the subjects of tests, determining whether the subjects had been fully informed of the risks and had given informed consent, and assessing what damages, if any, they have suffered.

Policy matters concerning the kind of damages that merit compensation and the form the compensation might take will also be studied.

For example, while some scientists say that very few actual injuries resulted from the studies, should subjects be compensated nevertheless because they were misled? Should even those who gave informed consent be paid if they suffered physical or emotional damage?

It is being said that tests were conducted in a different era, without malice, by scientists struggling to learn more about radiation and its potential harm. But the facts suggest that a more rigorous ethical examination of the cases is in order. Some terrible things were done by people who knew better. The choice of subjects among the retarded, prisoners and the terminally ill is particularly suspect. The history of experiments in Nazi Germany, so clearly remembered in the '40s and '50s, should have signaled caution. And the spirited protests of at least one prominent scientist who was an expert in the field is evidence that ethical questions were raised at the time.

Some of those who participated in the experiments are long dead. But others are owed a debt by their country. Acknowledging that debt is the first step. The task force has an enormous moral responsibility to sort out what happened so that Americans can face the truth and learn from it and the government that encouraged and countenanced these acts can, where possible, make amends.

— THE WASHINGTON POST

## A Politician's Politician

Thomas P. O'Neill, the former speaker of the U.S. House, who died Wednesday in Boston, aged 81, may not be remembered as the author of any complex legislation having a lasting impact on American society. Nor was he the kind of congressional specialist who knows one subject, like mining regulations or securities law, with such depth that he is the acknowledged expert among his peers. He was, however, one of those politicians who become successful leaders because they know with precision how to get things done. It did not hurt that, despite policy disagreements, he was truly popular on both sides of the aisle.

Tip O'Neill rose from modest beginnings to great power. Born of immigrant Irish parents in Cambridge, Massachusetts, he followed a path into urban politics. Throughout his long career, it was clear that he remembered his roots and the people he represented. His ties to the neighborhood that became his congressional district remained strong and personal. He did not simply attend local functions, he made a point of knowing by name most of the citizens there. It is said that he could attend a communion breakfast and regale the audience with stories from childhood about almost every individual in the crowd. His district included Harvard, which gave him an honorary degree after he retired. But his focus was

always on the working-class people from whose ranks he came.

We did not always agree with the speaker on the substance of legislation. He blocked a badly needed deficit reduction deal in the Reagan administration, for example, because it included changes in Social Security. But he was consistent in his support of those social programs designed to meet the needs of the poor. He believed that politics is an honorable calling, and he saw elective office as a way to bring about improvement in the average citizen's life. He was dedicated, but never solemn about his responsibilities, known for defusing a tense situation with a joke or cultivating a celebratory one with a song. Even his political nemesis, President Ronald Reagan, responded to his personal charm and called him a friend.

Speaker O'Neill once said that Winston Churchill lost his seat in Parliament because he forgot the people in his own election district while he was busy fighting World War II. Tip O'Neill never forgot. He was, as the Senate Republican leader, Bob Dole, said Thursday, "a congressman's congressman," so accomplished and admired that he was elected to the speakership for five terms in a row. He served ably in that office and won innumerable friends while doing so.

— THE WASHINGTON POST

## Other Comment

### NAFTA and Mexico's Poor

The revolt of oppressed Indians in the Mexican state of Chiapas as the North American Free Trade Agreement took effect has roots far deeper than the elimination of tariffs between two "distant neighbors." While NAFTA is feared among Mexican peasants as still another device to rob them of their land, its impact on descendants of the Mayas is remote.

The rebels have invoked the name of Emiliano Zapata, a hero of the Mexican Revolution. "Land and liberty," the Zapata battle cry, has long resonated among the rural poor. Even before the bloody weekend fighting erupted, there had been tension in Chiapas. The government of President Carlos Salinas

de Gortari was alarmed enough to send Mr. Salinas's designated successor, Luis Donaldo Colosio, to the region with lavish offers of federal aid.

Bishop Samuel Ruiz of Chiapas has been agitating for years on behalf of Indians who fear their culture and livelihood are being destroyed by rapacious ranchers and the land reform program of the Salinas government.

NAFTA seems to have been a convenient device for rebel leaders with broader grievances. Free trade and Mexico's eventual breakthrough into the First World economy should benefit millions of people who never realized the promise of the Zapata revolution.

— THE BALTIMORE SUN

## An Expanded NATO Is Worth Waiting For

By A. M. Rosenthal

WASHINGTON — President Bill Clinton is making some of America's best friends very unhappy — Europeans who lived under communism, fought it, and helped bring down the Soviet empire. Next week he will make them even unhappier when he tells them that the United States will not agree to their becoming members of NATO.

Face to face, he will have to deal with people like the Czech writer Václav Havel, who went from a Communist jail to the presidency of his country, and President Lech Walesa of Poland, the electrician who created a freedom movement that bowed to neither workingman nor intellectual.

They will tell him of their still-vivid fears of the Russian imperialism that enslaved their countries under czarism and communism. They will say that they have earned the protection of NATO membership. Mr. Clinton — he will say many things, but essentially not, yet.

My time is an American correspondent in Eastern Europe during the Communist ice age binds me to Eastern and Central European democrats. In some of their countries, "ex"-Communist politicians are strong, and in others fascists use democracy to try to destroy it. Those dangers give the passions of Mr. Havel and Mr. Walesa special meaning.

So when I sit down at a presidential luncheon for colorists, NATO is emotionally and politically behind quick membership for some of the former Communist colonies.

Mr. Clinton did not present startling new reasons for delaying. But he

put enough good existing reasons together lucidly enough so that I changed my mind. What? Yes.

I went away thinking that American friends of democracy in Eastern Europe could give him enough time to play it out without getting panicky.

Boris Yeltsin fears that immediate NATO membership for countries on Russia's border would help Russian nationalists sell their line of Russia imperiled. Mr. Clinton said the Russian president sends the message that Russia should not be pushed back, treated again as an enemy.

Is this appeasement of a foreign ruler? It seemed to me, listening to that question in my head, that appeasement is trying to buy off an enemy — not trying to help a friend survive a growing threat at home.

If it takes a couple of years and another election to make Russia comfortable with NATO neighbors, it is worth the wait. If not, or if the fascist-Communist alliance washes over Russia, NATO could extend membership protection fast to Eastern and Central Europe.

Anyway, the West would have to meet any Russian military adventure against Eastern Europe. The key point is not how many new members NATO brings in but how strong its current members stay.

Mr. Clinton said that the reduction of U.S. troops in Europe from 325,000 to 100,000 was enough. But it has been too much, given the rise of the Russian ugliness. Is Mr. Clinton's new secretary of defense going to decide for himself and tell us?

Mr. Clinton did not go into it, but



there is another good reason for waiting before expanding NATO. Eastern and Central Europe have not settled down politically. Yugoslavia is eating itself alive, Czechoslovakia has split in two, Poland has elected a government of "ex"-Communists, and in Hungary and Romania fascists name places after their heroes in hell.

The West should have expected upheavals, not a straight, calm line, after so many decades of Communist and Nazi brutalization. Still, it would be an even nastier shock to find a national alliance of blackshirts and Communists sitting at a NATO table.

Some of my friends say that without East Europeans in NATO, between Germany and Russia, the Germans would be very upset. I can live with that thought.

President Clinton kept saying that while they were not getting membership, the former captive nations would be brought into closer political, military and economic cooperation with NATO members. So the tests of the Clintonian policy will be these:

Will closer ties with Eastern Europe turn out to be real or mumbo-jumbo? Will we put money and some military integration on the table or play Monopoly? Will "not right now" mean exactly that, or "not ever"? The president's policy, as he said, is a judgment call. That is what gets paid to make. This one seems reasonable and carefully thought out. I ate my full portion but for now feel a little lighter.

The New York Times

## A 'Partnership' of Anger and Dashed Expectations

By William Pfaff

PARIS — It was a bad mistake to formulate the security problem in East-Central Europe in terms of NATO membership for countries there. Doing so has destabilized an already unstable situation. Russia, after the electoral success of Vladimir Zhirinovskiy, has no need for phantom threats from NATO. It also was pointless to talk about an expanded NATO. In the short term, membership simply is not a practical prospect even for Poland, Hungary or the Czech Republic.

NATO is a military alliance with an integrated multinational command and integrated logistics, communications and intelligence systems developed over more than 40 years. The relevant question is not whether to give it new members. It is whether this military instrument can be used to stabilize a highly unstable situation.

This instability results partly from what is happening in Russia. There is anxiety about Russia's future, justified in general terms, though Boris Yeltsin poses no threats to his European neighbors. It is necessary to consider the possible alternatives or successors to President Yeltsin, of whom Mr. Zhirinovskiy provides an alarming instance.

The second reason the region is unstable, because of the unsatisfied ethnic and territorial claims of the various peoples there. Except in former Yugoslavia, the governments of the area mostly continue to conduct themselves with pru-

dence and good sense. People do otherwise. Russia's Mr. Zhirinovskiy has made aggressive comments. Elements of the German far right currently claim territory in Poland and property in the Czech Republic. The situation of ethnic Hungarians is difficult in Romania, Slovakia and Serbia.

NATO members Greece and Turkey are implicated in the Balkan unrest because of Greece's support for Serbia and hostility toward the new Macedonia, and because of the Turkish and Muslim minorities in the Balkans. Enlarged NATO membership will not solve these problems. What is needed is a practical guarantee of the integrity of Central and East European frontiers. Peaceful and negotiated change obviously is acceptable, but military aggression is not — and this is something a military alliance can deal with. The West failed disastrously to block aggression and genocide in Yugoslavia. It had better not fail its second chance.

A guarantee of stable frontiers in the region bordering the old Soviet Union would contribute to the stability of Russia itself, and to that of Ukraine, Belarus, Lithuania and the other Baltic states. To offer such a guarantee does not expand the bloc in a way threatening to Moscow. It offers an assurance of regional stability, to which the Russian govern-

ment can have no legitimate objection. It also avoids the issue of a Russian veto over NATO affairs.

The American Partnership for Peace plan does give Russia that veto in practice, while denying it in principle. The U.S. national security adviser, Anthony Lake, said the plan sets in motion "a dynamic process" that is explicitly opening "the door" to NATO membership for the East Europeans, a door "that we hope they will walk through." That makes it certain that the Russians will object.

President Bill Clinton said that it "would be a critical mistake" to offer NATO membership to states on the border "of the old Soviet Union," because to do so would be perceived as an act directed against Russia. That concedes the veto.

The Clinton administration cannot have those countries both out of NATO and walking through its door. Pretending that it can has earned for Mr. Clinton the negative consequences of both courses.

It would be better for Mr. Clinton to abandon Partnership for Peace and think again. The best thing Washington's NATO allies probably can do is to wait and postpone, so that this idea can fade away and Washington have the chance to come back with something more serious. As the plan stands, it not only disappoints the Central and East Europeans, and the Russians, but angers them as well.

International Herald Tribune  
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## At the UN, Discontent Is Giving Way to Progress

By Madeleine K. Albright

The writer is U.S. ambassador to the United Nations.

NEW YORK — Behind the headlines about Somalia and Haiti, a larger and ultimately more important drama is beginning to unfold at the United Nations. The frailties of UN peacekeeping are, after all, but a symptom of the United Nations' profound need to "reinvigorate" itself in a new era. Its success or failure will do much to determine whether gains resulting from the end of the Cold War are consolidated or whether we fall back into old habits of confrontation, but in new and unpredictable forms.

Fortunately, the United Nations' summer of discontent has been succeeded by the most encouraging General Assembly session in decades. The ideological subterfuge that historically has split the United Nations along East-West, North-South lines is dissolving. Efforts to end the Cold War are being pressed for UN reforms are beginning to pay off. And the United Nations is moving in directions that the United

States has long wanted it to go:

- After decades of stalemate, the General Assembly agreed to establish a UN high commissioner for human rights. Since the time of Eleanor Roosevelt, the United States has pressed the United Nations to play an active and positive role in human rights. Its members have finally given it a clear mandate to do so.

- The Israeli-PLO peace agreement introduced a spirit of relative cooperation on the Middle East — historically the most divisive subject of discussion at the United Nations. During the fall session, the General Assembly went on record in support of the Madrid peace process, discrimination against Israel was reduced, and there was broad support for economic and social projects in Gaza and the West Bank.

- Arms control, long the province of superpowers alone, moved to center stage. With strong U.S. backing, resolutions were approved in support of a comprehensive nuclear test ban treaty, a ban on the production of fissile material for nuclear weapons and a moratorium on the export of land mines and anti-personnel mines.

- At U.S. urging, the General Assembly agreed in principle the establishment of a high-level UN office with functions similar to those of an American inspector general. This is a vital step, for poor management is the Achilles' heel of the United Nations.

- The overall UN budget was held to no real growth, well below the level proposed by the UN Secretariat. Within this budget were significant additional funds for human rights, humanitarian affairs and peacekeeping, all U.S. priorities.

independence of superpowers alone, moved to center stage. With strong U.S. backing, resolutions were approved in support of a comprehensive nuclear test ban treaty, a ban on the production of fissile material for nuclear weapons and a moratorium on the export of land mines and anti-personnel mines.

There has also been progress in recent weeks in the area of greatest controversy and complexity — UN peacekeeping. There is wide recognition that although the success of collective peacekeeping operations is important, the United Nations has tried to do too much too soon. The pace has now slowed. Efforts continue to make UN peace operations militarily credible through better planning, better training, better management, better equipment and more adequate resources.

The United Nations remains far short of its potential. Much work remains to be done. But my feeling in this new year is that we are beginning to move in the right direction.

The Washington Post

## Detroit's Recovery and the Virtues of Unfree Trade

By Gregory Clark

TOKYO — The good news is that the American auto industry is recovering well. The bad news is that the Uruguay Round of trade talks, currently touted as the savior of the world economy, would have prevented that recovery.

In the early 1980s, the United States forced Japanese car makers into "voluntary" export restraints, to protect a U.S. industry battered by the overvalued dollar and the undervalued yen. At the time, Japan, GATT and others complained bitterly about this breach of free trade principles. The net result? Close to ideal, for just about everyone.

The Japanese reluctantly set up car and parts factories in the United States, which gave American makers a much needed breathing space and the chance to learn from Japanese techniques.

Today, with the yen appreciated by more than 100 percent against the dollar, even the Japanese realize how wise they were to set up those factories when they did. Not only can they now take advantage of "cheap" U.S. labor, by cutting car exports they have also managed to ease some of the upward pressure on the yen.

But under the latest GATT formula for a better world, "voluntary" restraints are out. So the U.S. auto industry should have been forced into early bankruptcy. Then, as the Japanese were forced out of export markets by yen appreciation, the South Koreans and a few others would be left free to pick over the remains of the once prosperous U.S. car industry.

Can't someone put a quick end to

this GATT obsession with purist free trade theory? Apart from anything else, it has yet to come to grips with the 20th century reality of economies of scale — the idea that the more a firm or an economy manufactures, the lower, rather than the higher, its unit costs become. It is a formula for enormous instability in world trade.

All this could be forgiven if we lived in a world where exchange rates moved rapidly to reflect relative productivities — so that if Country A exploited economies of scale to dominate export markets for most manufactured goods, its exchange rate would immediately appreciate to a level where other countries could compete again.

Unfortunately, currencies do not move in this logical manner. There are lags. And there are speculators. In the past month the U.S. dollar has appreciated by 10 percent against the yen. This appreciation is due almost entirely to speculators gambling on interest rate shifts in the United States and Japan. As a result of their gambles, every U.S. import into Japan is now hit with a 10 percent import compared with a month ago, and every Japanese export to the United States gains a 10 percent subsidy.

It is a protectionist twist that even a Third World country would hesitate to impose. Meanwhile, Tokyo and Washington have been telling us how recent GATT negotiations have pushed us all closer to a free trade world.

For the moment, let us forget the speculators; after all, they can only push things out of focus for a limited period. Let's concentrate on the reality of Chinese workers in a television factory set up with Japanese, Taiwan or U.S. capital in one of China's free economic zones.

A nonaristocrat would accept that since those Chinese workers are just as intelligent and capable as their Western equivalents and are supplied with much the same technology as in Western factories, there is little reason why they cannot compete with Western workers.

Yet current exchange rates say in effect that Chinese society is so backward, corrupt, inefficient and hopeless that wages have to be one-twentieth those of the West for China to be competitive.

True, as the Chinese begin to export those television sets and other mid-tech products, their exchange rate will appreciate. But for various reasons that appreciation will always be delayed.

We saw this with Japan. For most of the past 30 years the yen has been consistently undervalued against Western currencies by around 20 to 30 percent. Every Japanese manufac-

turer exporting to the West has enjoyed a 20 to 30 percent price advantage. Every Western manufacturer exporting to Japan has suffered a similar disadvantage. Little wonder that U.S. and European trade imbalances against Japan have ballooned.

GATT needs a new slogan: "It's the exchange rate, stupid."

International Herald Tribune

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## For Action On Bosnia: A Dual Test

By Anthony Lewis

BOSTON — President Bill Clinton flies to Brussels this week for a North Atlantic Treaty Organization summit meeting that poses a dual test of credibility: NATO's and his.

The issue is Bosnia. The aggression and slaughter there, growing worse at the turn of the year, raised dark questions for the hope of peace in a Europe facing new strains after the Cold War.

NATO wants to be seen as a credible guarantor of that peace. The president wants to project himself as a reliable leader of the alliance. But who would believe either's promises for the future when both are defaulting right now on their commitments to stop the killing in Bosnia?

Last August, NATO committed itself to bomb Serbian forces if they continued to strangle and shell Sarajevo and block relief convoys elsewhere. On one day this week 1,353 Serbian shells fell on Sarajevo. Relief supplies are routinely blocked. But NATO does nothing.

As for Mr. Clinton, he came to office calling for stronger measures. He made a proposal to lift the arms embargo on the Bosnian victims and make air strikes on the Serbian aggressors. But he pushed



## Out of Fragments, a Historic Whole

**HOUSTON** — What should one do when confronted with artistic fragments looted from ancient monuments in conditions created by war and military occupation?

The answer given in the art market in most cases is that one gives a hoot. In the last two decades the debris of Khmer temples blown up in the Cambodian jungle, of Bud-

SOURIN MELIKIAN

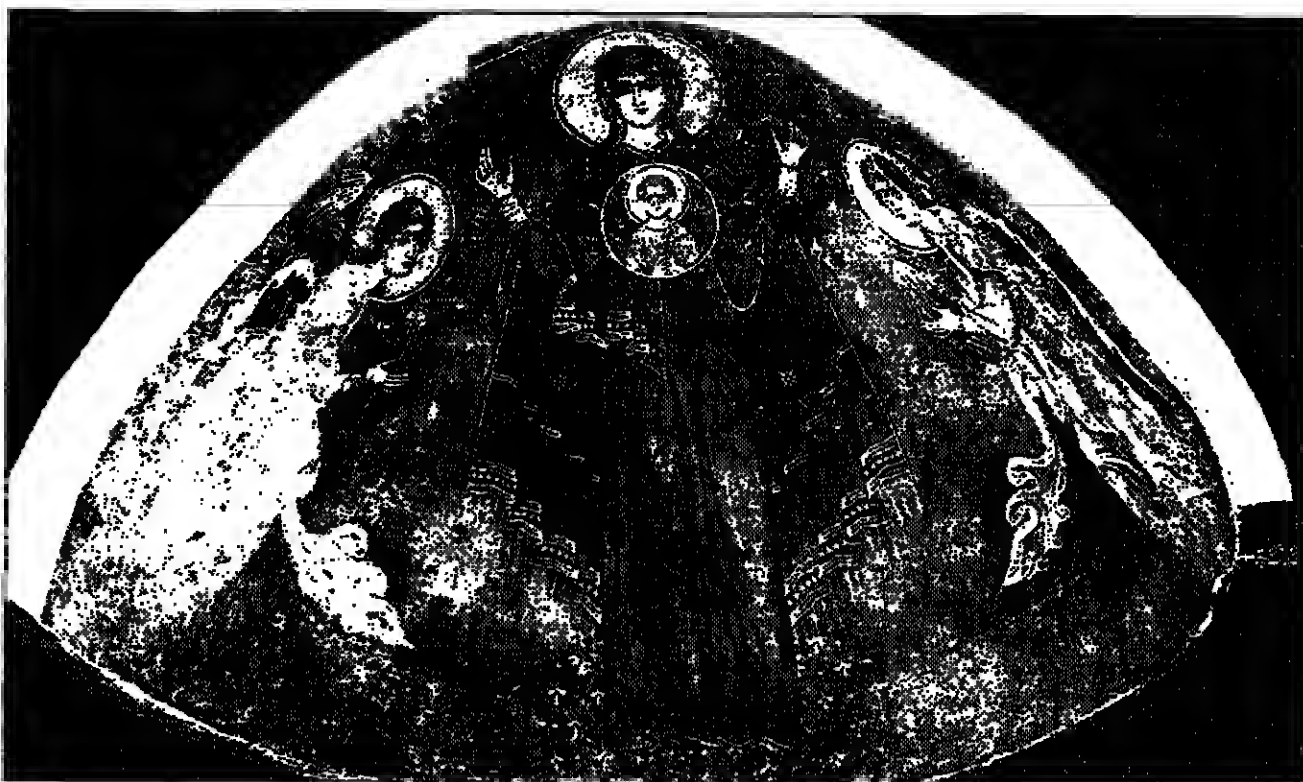
dhist stupas smashed in Afghanistan and countless remains from other areas have entered private and public collections. The lack of documented provenance makes it possible to pretend that it is all right. How different things could be in many cases is demonstrated by the story of the 13th-century murals from the Cypriot chapel at Lysi.

Several years ago, a prominent London dealer in Byzantine and Islamic art, Yanni Petropoulos, was contacted from Munich by a Turkish vendor who wanted to sell some Byzantine murals that had come to light in Turkey. Petropoulos received mediocre photographs, but even these were enough to send a shiver down his spine.

He realized that two sections from a major fresco cycle hitherto unknown to him — one from the inner face of a dome showing Christ Pantocrator, the other from the half dome of an apse depicting the Virgin standing in prayer between two angels — had been broken up into fragments and would be sold piecemeal. The dispersal would effectively mean the destruction of the two sections. The dealer had to find a buyer with the vision and financial resources to enable him to pay \$300,000 for the lot.

**A**FTER discussing the matter with the U.S. Byzantine scholar Gary Vikan, Petropoulos thought of approaching Dominique de Menil, a French art collector and patron to whom he had sold some major icons. These were for the museum, now known as the Menil Collection, run by the foundation set up by Mrs. de Menil and her late husband, John. He rang Houston and then Paris, where Dominique de Menil happened to be with Bertrand Davaez, now the curator of early and medieval art in the Menil Collection. Davaez flew to London to see Petropoulos, took one look at the photograph and a day later, Dominique de Menil, Petropoulos, Davaez and the museum's director, Walter Hopps, arrived in Munich.

They met the owner of the murals in a hotel. He was called Aydin Dikmen, as Davaez reveals in the preface to a book published with the help of the Menil Foundation, "A Byzantine Masterpiece Recovered: The Thirteenth-Century Murals of Lysi, Cyprus." The name may now ring a bell. It hit the international media when the Republic of Cyprus took to court an Indianapolis dealer about some sixth-century mosaics removed from a church at Lythrankoni in the Turkish occu-



The Virgin and archangels in the restored mural from the apse of the Lysi chapel in Cyprus.

pled zone. Dikmen was cited as the vendor, and Cyprus won the return of the mosaics.

The party drove to a working-class neighborhood. In a studio apartment without electricity, they saw fragments of Byzantine painting mounted on plaster and flattened for sale as so many tableaux. Two candles threw a dismal light as in some Brechtian spoof of an Orthodox shrine.

Dikmen showed them in all simplicity two terrifying documents that are reproduced by Davaez. On one, the inner face of a dome with Christ Pantocrator is divided into 23 irregular panels by white dotted lines indicating the saw cuts to be made. On the other, the apse mural with the standing Virgin, 16 panels had been outlined.

Dikmen told them that he was building a hotel near Bin Bir Kisse in southern Turkey. A contractor had uncovered the top of a half-buried church. He produced a drawing of the church, a ground plan, longitudinal and transverse sections, even a book by a Turkish scholar published in 1971, which, he assured, backed the story.

It all sounded pathetically improbable. Dikmen grew increasingly nervous. But it was imperative to reassure him, to spare the murals the risk of being spirited out of sight in a moment of panic, or worse, destroyed. The Menil Foundation party expressed serious interest and the meeting was over. Dominique de Menil had virtually made up her mind — she would save the cycle.

The next three months were spent ascertaining the provenance of the murals. Eventually, after letters had been sent by the foundation lawyer to nine countries, the Republic of Cyprus proved that the murals came from the church at Lysi, in the Turkish-occupied zone. The apse had been photographed

around 1972, still retaining the monumental inscription that those who cut up the painting destroyed in the process.

Complex negotiations with the Cypriot authorities and the church followed. From the outset, de Menil made it clear that she regarded the murals as the property of the Orthodox Church and the foundation as their caretaker. The upshot is that they are to be housed in Houston on a 20-year loan.

**A** MASTERLY restoration was carried out with the highest possible touch by the London restorer Laurence Morococo. It was the most difficult part of all, requiring the invention of new techniques to find the original shape and proportion of the architectural shells — "the restorer had no access to the monument in a military zone." The restoration took more than a year and cost more than \$1 million. An art-historical study was carried out by Annemarie Weyl Carr, which has likewise been published in the book. But all this still left unsolved the ultimate problem — how to display the murals?

Dominique de Menil wished and the Cypriot religious hierarchy agreed to have them installed in a consecrated Orthodox church. But when the first project of a chapel in the style of the small monument standing at Lysi was submitted by a British architect, she was unenthusiastic. It struck her as an unnatural invitation underlined by the alien American surroundings. "We don't want a fake," she said.

In desperation she turned to her son François de Menil, who, after working as a filmmaker, returned to college to graduate in architecture and was licensed in 1992.

Like his mother, François de Menil rejects what he calls "plon-

ness." He hit upon the idea of separating the inner shell — the dome, the apse, which, he emphasizes, do require a structure to relate to — from the outer boxlike monument of stark modernity the he conceived. Studying a book, "Painted Churches of Cyprus," he allowed his eye to wander over the ground plans. In several he was struck by the original structure looking like "an interior object" within an enclosed area. In some, the outer rectangular shell was clearly a later encasement.

"I was dealing with sacred relics," he said. "I should therefore create a reliquary." His second conviction was that when creating the architectural fabric to which the dome and the apse must be attached, the opacity of walls had to be avoided. Otherwise it would be back to phony reconstruction.

His scale mock-up conjures up a splendid, part-translucent evocation of a 13th-century chapel. The arches apparently supporting the dome are

made of glass panels joined by metal clips. The painted dome seems to rest on a tall milky-glass drum and the apse is likewise ensconced in glass. Several yards away, the outer enclosure (concrete walls visible from the outside, a liner of plate steel on the inside) solves functional problems. It ensures the required climatic insulation in this very hot and humid area. And the dome and apse bulls are suspended from its roof, avoiding stress.

The outside is elegant in its simplicity. The inside looks postmodernist, with an eerily Dadaistic feel to it. The clinical cleanliness of the industrial materials is harsh on the subdued hues of the 700-year-old murals. The presentation has yet to be made to the Orthodox authorities, and then the vast capital required will have to be raised. This will be no fake. It will look more like the future elbowing its way back into the distant past, to which the present time has caused such harm.

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## Munich Confronts Past

### Ambitious Exhibit of Nazi Era Art

By Stephen Kinzer  
New York Times Service

**MUNICH** — In the spring of 1913, an aspiring young artist and German nationalist named Adolf Hitler arrived in Munich. For the next 20 years, he made the city his headquarters, the fertile ground where he nurtured Nazism.

Germany in the 1990s is more willing to confront its Nazi past than it has been before, and in the latest reflection of this attitude, the Stadt Museum here has presented an ambitiously introspective exhibition called "Munich: Capital of the Movement." Through art and artifacts, it describes Munich's contributions to the rise of Nazism.

Exhibitions that trace a city or town's history through the prewar and war years have been held in many parts of Germany. This one is especially important because Munich was at the center of the Nazi movement. Many people have tried to represent this chapter of their local history for two generations.

Curators at the Stadt Museum assembled about 2,000 items for display, including photographs, posters, documents and other traditional political artifacts, but at several points the exhibition breaks with chronology to portray the support that ordinary people gave the Nazis in Munich.

Part of the exhibition is about Hitler's efforts to crush "degenerate art" and exalt traditional styles he preferred. Several paintings that Hitler especially admired hang on one wall. They include a stern-looking nude posed against floral wallpaper by Adolf Ziegler, whose works are described in the catalogue as "among the favorite and most widely reproduced items of Nazi art."

On the wall facing these paintings are several works chosen by those who despised the Nazis, including a painting by Ernst Ludwig Kirchner and a colorful but imprecise harbor view by Louis Corinth.

One hall is devoted to Hitler's rise through Munich society and includes the guest book of a prominent local family open to the page where Hitler signed as a party guest. At another point, visitors can peer into a full-scale model of a kitchen in a middle-class Munich apartment of the 1930s. The family has jumped up from breakfast to watch a Nazi march on the street below, visible as a giant photo through the kitchen window.

Bavaria has always been Germany's most conservative region, and Munich, its capital, was the scene of

great political upheaval when Hitler lived here. Many of Hitler's closest collaborators were from Munich or other parts of Bavaria, among them Rudolf Hess, Heinrich Himmler and Hermann Goering. In 1933, the year he took power, Hitler officially declared Munich the capital of German art, and two years later he went a step further and christened it the capital of the Movement.

Finding artifacts for the exhibition, especially ones that showed the private side of Munich's support for the Nazis, was difficult. The museum advertised in local newspapers and received a wave of donations, many from people who were evidently relieved to be rid of a document or other item they had been hiding for years. Some items could not be found. For example, the Nazis sponsored a 100-piece symphony orchestra whose members wore uniforms designed from a sketch by Hitler. Curators searched widely for one of the uniforms, but without success.

It was certainly no coincidence that Hitler built his first concentration camp, Dachau, on the outskirts of Munich. The part of the exhibition devoted to the evil perpetrated there is perhaps its most powerful. It includes thousands of death certificates, each carefully noting relevant details, including cause of death ("severe chest hemorrhage due to bullet wound").

Artifacts from the death camp at Auschwitz are also included to remind visitors of the results of Nazism. A chest of confiscated memorabilia and silverware has the same purpose. Several small anti-Nazi groups formed in Munich in the 1920s and '30s and were brutally suppressed. The exhibition also has a place for these groups, among them the White Rose, which was founded by two students, brother and sister, who were arrested and executed.

**T**HE focus of the exhibition, however, is the rejection of ordinary people to the rise of Nazism. "We in Germany have given a lot of attention to the perpetrators and the victims," said Brigitte Schütz, the curator who organized the exhibition. "I wanted to move beyond that, to show how normal people participated in the system in so many small ways. It became an accepted part of daily life."

"Another purpose of any exhibition about the Third Reich at this moment in Germany is to open the eyes of young people who go around calling themselves neo-Nazis. So much is tolerated in modern Germany that just about the only way you can still shock people is to use Nazi symbols or slogans. Most kids do this for the shock value, without having any idea of what Nazism really was. You hope that exhibitions like this might teach them something."

works were scattered around the country.

"As the Nazis restored were aware, the smiling angel had been copied for the museum. Thanks to the case they had it carefully replicated by a sculptor and set in place since the devastated cathedral had been repaired after the war."

Today the museum owns an exceptional collection of 6,000 casts of sculptures of all periods including Greek antiquity (portions of the Parthenon frieze) and items from Germany, Italy and Switzerland — but its strong suit is the spectacular and delightfully imaginative sculptures of the Romanesque and Gothic periods.

Among these are the tympanums of the cathedrals of Amun, Vézelay, Bourges, Compiègne, Chartres, Paris and many others — most of which represent the Second Coming and the Last Judgment.

In 1991, Guy Cogeval, an energetic young curator, was put in

charge. He obtained a budget of sorts for temporary exhibitions and accomplished wonders in matters of economy: one show put up with the help of private patrons probably represents a record since it cost only 15,000 francs (about \$2,500). Surrounded by a team of dedicated young assistants, he discovered that the museum owned 200,000 photographs that had been collecting dust for more than 30 years. They included a good deal of junk, but also 1,500 prints by Eugène Atget.

The curators set to sorting them, making an inventory, restoring them and storing them in conditions of heat and humidity that have become standard practice in a modern museum.

They also started organizing regular exhibitions. The first was devoted to the art and architecture of Marseille. More recently they orga-

nized a festival of 20 Hollywood movies devoted to medieval subjects — an entertaining notion. Currently on view is a collection of photographs done between 1936 and 1949 by the German photographer Herbert List (1903-1975). They include some fine aesthetic views of Greece and Greek antiquities taken in the '30s, and some powerful and poignant pictures of war-devastated Munich in 1946.

Another small exhibition is devoted to 19th- and 20th-century watercolors, a partial inventory of copies of frescoes in French Romanesque churches.

With these and other activities, attendance rose. In 1991 there were 40,000 visitors, in 1993, close to 100,000. As the curators realized, people will be drawn to a museum by a temporary exhibi-

tion. Once there, chances are they will also take a look at the permanent display.

With the change of government the fate of the museum has taken an unexpected turn in recent months. As a result of a decision taken by the Ministry of Culture in June, the building is going to be taken away from the Direction des Musées de France and handed over to the Direction du Patrimoine.

According to a spokesman for that administration, it will be turned into a center for archives and possibly a museum of the French national heritage. At present nothing is sure, and the minister is still waiting for a study of feasibility.

The temporary exhibitions are on until Jan. 17.

By Michael Gibson  
International Herald Tribune

**PARIS** — When a German shell blasted the exquisite smiling angel of Reims cathedral to smithereens during World War I, restorers turned to the Musée National des Monuments Français for help.

Inaugurated in 1882, the museum was the brainchild of the architect Eugène Viollet-le-Duc, savior and nemesis of much great French medieval architecture, which he both preserved and, at times, improved according to his own taste.

Viollet-le-Duc was convinced that the capital should set at the disposal of aspiring sculptors a broad sampling of the best items of French sculpture that they could never hope to see as long as the

cor and who have plenty of time to create art, discuss ideas, and make love. Yet what these stories celebrate is not primitivism, as such, but the often primitive-seeming order with which bright young people discover their minds, bodies and environment and which is the prelude to practically all artistic and intellectual accomplishment — in short, to the creation of those things we identify with civilization.

In "Gunnar and Nikolai," the bright young person in question is Nikolai, a boy modeling for a painting of Ariel. "Why was Ariel naked?" he asks the artist, Gunnar, who replies: "He was a spirit of the air. Like an angel." For Davenport, an ardent modernist and Ezra Pound disciple who reveres Emerson and Thoreau, nudity is simply natural, and only good things flow from nature. Art emanates from and responds to nature; intellect is a means of understanding it, and love is its purest expression.

Don't look here for conventional plots and climaxes. Davenport's longer stories are chatty chronicles, the short ones essentially anecdotes. Meaning emerges largely from calculated echoes and surprising juxtapositions.

Yet several Davenport stories, beginning with "The Dawn in Erewhon" (1974) and including two longish yarns in his new collection, "A Table of Green Fields," make this highly disciplined classicist look, from some angles like a hyper-nomadic hedonist. Typically set in Denmark — or, rather, in a not-quite-realistic land of robust health and perfect tolerance in which he gives that country's name — these stories feature a cast of bright young people whose personal attachments are impossibly free of envy and ran-

### BOOKS

#### A TABLE OF GREEN FIELDS: Ten Stories

By Guy Davenport. 160 pages. \$21.95. New Directions.

Reviewed by Bruce Bawer

HIS hardly a household name, but for a small company of literate readers, Guy Davenport is almost a household god. His Greek translations, essays about cultural figures ranging from Homer to P. D. James, and densely allusive short fiction mark him as the sort of consummately learned and reflective writer that any defender of Western values would consider an ornament of civilization.

Yet several Davenport stories, beginning with "The Dawn in Erewhon" (1974) and including two longish yarns in his new collection, "A Table of Green Fields," make this highly disciplined classicist look, from some angles like a hyper-nomadic hedonist. Typically set in Denmark — or, rather, in a not-quite-realistic land of robust health and perfect tolerance in which he gives that country's name — these stories feature a cast of bright young people whose personal attachments are impossibly free of envy and ran-

The book's title is a variation on a line from "Henry V" in which a character, reporting Falstaff's death, says that he "tumbled of green fields." The line has been read as a possible mishearing of a reference to Psalm 23. Several things about this title — among them the literary source, the pastoral image, and the psalm's affirmation of divine goodness — make it appropriate to the book. And its status as a variation on a possibly garbled secondhand quotation points to Davenport's interest in language's mysteries and the gaps, ambiguities, and apocryphal elements that exist in texts both literary and historical.

That interest manifests itself here in a number of ways. Kafka, it is said, consoled a girl who had lost her doll by sending her letters signed with the doll's name; those letters never having surfaced, Davenport supplies them in "Behind the World Tour." Another story, "The Concord Sonata," juxtaposes various interpretations of a cryptic Thoreau passage. And "The Kitchen Chair" explicates a sentence from Dorothy Wordsworth's journal while reimagining the moment in which she penned it. Throughout, Davenport ponders language's

ability to connect past with present, self with other.

This book does have its problems. There's too much omniscience and underwriting, more than its predecessors, it feels like a grab bag. Yet its artistry redeems it. Neither fast nor an easy read, it draws one in by the ease, beauty, and beautifully formed sentences, its rich patterns of meaning, and its compelling, idiosyncratic vision. In a literary culture insufficiently aware of its own past, saturated with banal and familiar notions, and overwrought with the self and the feebly comprehended present moment, Davenport's audacious originality, erudition, and historical imagination continue to impress and inspire.

Bruce Bawer, whose most recent book is "A Place at the Table: The Gay Individual in American Society," wrote this for *The Washington Post*.

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## MARKET DIARY

## Falling Rates Send Dow to New Record

**Bloomberg Business News**  
NEW YORK — Blue-chip stocks rose to another record on Friday. The broader market was also strong, led by shares of banks, brokerages and telephone companies, which were bolstered by a fall in interest rates.

The Dow Jones industrial average climbed 16.89 points to a record 3,820.77, ending the week with a 66.66-point advance.

Standard & Poor's 500 Index climbed 2.78 to 469.90, closing its Dec. 28 high of 470.94. The Nasdaq Composite index rose 2.52 to 782.94, closing at its highest level in more than two months but below its Oct. 15 high of 787.42.

Ten common stocks were higher for every seven shares that fell on the New York Stock Exchange. Trading was heavy, with about 323.4 million shares changing hands on the Big Board.

The market was buoyed by stock groups, like banks and telephone companies, which do best when interest rates fall, said Bill Beise, a partner at Wessels Arnold & Henderson in Minneapolis.

The yield on the benchmark 30-year Treasury bond fell 11 basis points to 6.23 percent. The decline in rates occurred after the Labor Department said the economy added 183,000 jobs, which suggested the economy is growing more slowly than previously thought.

The employment report prompted some analysts to predict the Federal Reserve will take longer than expected to raise money market rates.

The S&P Regional Bank Index rallied 4.05 to 176.54, as Banc One Corp. rose 1 to 36 and Wells Fargo & Co. advanced 3/4 to 130.4.

S&P Telephone Index rose 3.15 to 313.75, led by gains in BellSouth Corp. and Southwestern Bell Corp. Among brokerage stocks, Merrill Lynch & Co. gained 2 to 42 1/2; Morgan Stanley Group Inc. rose 3 1/2 to 72 1/2; Salomon Inc. rose 1 1/2 to 47 1/2; and Charles Schwab Corp. climbed 1 1/2 to 32 1/2.

But traders and analysts said the stock market will have a tough time making further gains. "The thinking is interest rates have bottomed and will rise gradually over the next several months," said Daniel Marciano, senior vice president in equity trading at Dillon, Read & Co. Rates go higher, investors tend to switch funds to fixed-income securities from the stock market.

Gail Dudack, market strategist at S.G. Warburg & Co., said the Dow industrials may rise to 4,000 in the next month or so and the market will then lose about 10 percent of its value.

"One of our concerns is that interest rates are inching up," said Ms. Dudack.

Trading in shares of Paramount Communications, Viacom Inc., Blockbuster Entertainment and QVC Network was halted late Friday. As the market closed, Viacom announced that it submitted a bid to acquire 30.1 percent of Paramount shares for \$105 a share in cash. The offer exceeds QVC's proposal of \$92 a share in cash for 51 percent of Paramount stock.

At the same time, Viacom announced plans to merge with Blockbuster in an \$8.4 billion transaction. Blockbuster said it will pay \$55 a share for 23 million of Viacom's class B shares.

Paramount stopped trading on the NYSE at 7:04 p.m. Viacom class B shares closed 1 1/2 lower at 41; Blockbuster closed 1 1/2 lower at 28 1/2; and QVC ended up 1 1/4 at 40 1/4.

## JOBS: Unemployment Rate at 6.4%

Continued from Page 9  
In November — fell to 56.9 percent last month.

"The farther you get from Wall Street, the less need there seems to be for the Fed to panic," he said.

## Foreign Exchange

"They are under political pressure not to raise rates, and why should they unless they have to? They'll let the market go first, and then follow."

## Dollar Gives Up Gains

The dollar tumbled Friday against major currencies as the December employment report suggested the U.S. economy is slowing to create jobs. Bloomberg Business News reported from New York.

The dollar fell to close at 1.7275 Deutsche marks, down from 1.7446 DM on Thursday, and at 111.85 yen, down from 112.60 yen.

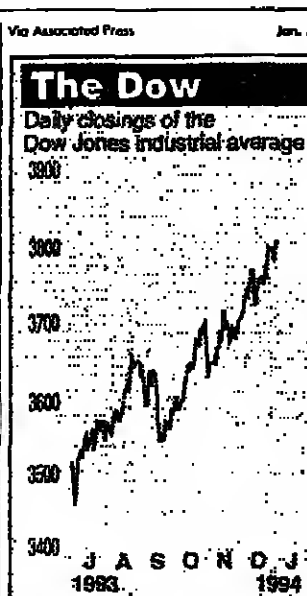
The dollar closed at 1.4660 Swiss francs, off from 1.4830 francs, and at 5.8928 French francs, off from 5.9250 francs. The pound rose to \$1.4930 from \$1.4815.

The dollar fell after the Labor Department said the U.S. economy gained fewer jobs than expected in December but some traders still remained optimistic that the dollar would keep climbing as more signs of recovery appear.

"The recovery is still in place," said Guy Standing, assistant vice president at Credit Lyonnais in New York.

The Friday data "diminishes pressure on the Fed to raise rates, but I think ultimately they will," said Bill Arnold, chief dealer at Chemical Bank. "It just sets the timetable back a bit."

People still expect the Bundesbank and other European central banks to cut interest rates.



NYSE Most Active

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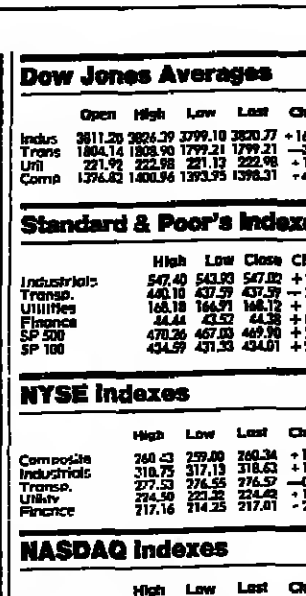
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NYSE Most Active

ples car should target young, first-time car buyers, and cost less than 15,000 Deutsche marks (\$8,600). VW's best-selling Golf starts more than 20,000 DM, though entry-level cars from its Czech subsidiary Skoda sell for little more than half that price.



## Banesto Depositors Withdrawing Funds

**Compiled by Our Staff From Dispatches**  
MADRID — Depositors have pulled about 300 billion pesetas (\$2.06 billion) out of Banesto since the bank of Spain took over the lending institution on Dec. 28, a spokesman said Friday.

The withdrawals amount to about 9.5 percent of the previous deposits at Banesto, whose full name is Banco Español de Crédito SA. They add to pressure on the Spanish government to design a rescue for the troubled bank.

Separately, Mario Conde, who was ousted as chairman of the bank, said Friday he would challenge his dismissal in court. He and other former executives, who have not made any public statements about the affair since they were removed, plan to give their side of the Banesto story on Tuesday.

The central bank took control of Banesto after the government said it lacked the resources to cover its liabilities.

The outflow of deposits has put pressure on the central bank to come up with a solution to the crisis, largely to ease the effects it is having in Spanish financial markets. Bank stocks, in particular, have been battered since the takeover.

"I think you'll see an announcement within a couple of weeks," said John Paulsen, vice president in charge of fixed-income research at

Kidder, Peabody & Co. in New York. "The run is a powerful domestic incentive for them to come up with a plan soon."

Mr. Paulsen said that with more than 1 trillion pesetas in liquid assets and a deposit guarantee by the Bank of Spain, Banesto was not in immediate danger of a liquidity crunch. "The thing to remember is that the withdrawals are not by sophisticated customers, but by small retail customers," he said.

The price of saving Spain's fourth-largest bank from collapse will likely be paid by its shareholders, who include Mr. Conde and J.P. Morgan & Co.

The Bank of Spain has asked other Spanish banks to contribute what is believed to be 250 billion to 300 billion pesetas to cover an estimated 500 billion peseta gap between Banesto's assets and its liabilities.

Some analysts have said they expected Banesto's current equity to be written off as part of the rescue. But along with disenfranchising the major shareholders, such a write-off would also affect small investors among the 240,000 shareholders.

"If you had a lot of moms and dads losing their investments," said Mr. Paulsen, "they would probably ask why the Bank of Spain didn't act before."

## How to Ski Up in a Down Market

**Bloomberg Business News**

PARIS — Like snow in the Alps, good news keeps piling up at Skis Rossignol SA and Salomon SA.

The world's top two makers of skiing equipment, back from steep losses only three years ago, predict their profits will continue to rise and their market shares will grow more commanding, thanks to a string of successful new products and management choices that have helped withstand Europe's recession.

"There's good snow so far this winter in Europe and the United States, and that's more good news for us," said Jean-Jacques Bompard, Rossignol's treasurer, as he looked at the Alps from his office near Grenoble.

Barren mountains and the U.S. recession set back both French companies in 1990 and 1991. Heavy snow, a U.S. upturn and cost cuts helped bring them back. But they owe their upward swing more to playing the global labor and capital markets, and to capitalizing on brand recognition by diversifying.

The share price of Rossignol, which makes skis and boots for alpine and cross-country skiing, has soared 143 percent, to 2,201 French francs (\$371), on the Paris stock exchange in the last year. Shares in Salomon,

which makes ski boots, bindings, and accessories, have risen 25 percent, to 2,202 francs.

Both companies had record losses in the financial year that ended March 31, 1991, because of overproduction, a third straight year of poor snowfall and losses from currency transactions. Since then, the companies have taken more sophisticated approaches to currency movements.

At Rossignol, for example, 29 percent of sales are made in dollars and 23 percent in yen, providing a balance that shields the company from wide swings in either currency. Profit margins are fattening up, since one-third of the company's skis are manufactured in Spain and all its boots are made in Italy, countries whose currencies have been devalued by more than 20 percent against the French franc in the last 15 months.

Diversification has also helped the companies weather the weather. Rossignol had produced only skis. Now, just four years after it began making boots under its own name and acquired a Swiss-Italian bootmaker, Lange, downhill ski boots now account for 22 percent of sales. Its world market share in ski boots now is 16 percent and rising.

At Salomon, diversification and the cur-

rency markets have played an even greater role. For most of its 45 years, the Annecy-based company was known only for bindings. Today, it holds a 44 percent world market share for downhill-ski bindings and 60 percent for cross-country bindings. In the early 1980s it added cross-country and downhill boots, and in 1984 it acquired the U.S. golf-club manufacturer Taylor Made.

Golf equipment now accounts for 23 percent of Salomon's revenue. Its cross-country shoes have a 40 percent world market share, a position made all the more profitable by assembling the shoes in Morocco, South Korea and the Czech Republic.

Is downhill skis, about twice the price of typical downhill skis, also a runaway hit, thanks to slick marketing. Salomon in 1990 launched the so-called monocoque ski, made of one main piece rather than layered.

Rossignol predicts a net profit of at least 90 million French francs for the financial year ending March 31, compared with 36 million francs a year earlier.

Salomon's turnaround from 1991 is even more remarkable. After a loss of 257 million francs that year, the company bounced back to a small profit in financial 1992, and to 95 million francs last year.

## Preussag To Aid Unit In France

**Compiled by Our Staff From Dispatches**

HAMBURG — Preussag AG, a German steel, nonferrous metal and industrial conglomerate, said Friday that it would inject as much as 150 million Deutsche marks (\$86 million) into its steel French subsidiary, Metaleurop SA.

The news sent Preussag's stock skidding on the Frankfurt market, where it closed 15.50 DM lower, at 451 DM, despite an assurance from the company that its annual profit would still be satisfactory.

Preussag, which owns a majority share in the Paris-based company, will buy 49 percent of Metaleurop's galvanizing and casting plants in Germany. These plants are now wholly owned by Metaleurop.

A Preussag spokesman said the company would also make a loan to Metaleurop. The purchase and the loan would total between 120 million DM and 150 million DM. Metaleurop is expected next Wednesday to post much larger losses for the 1992-93 business year, which ended Sept. 30, than the previous year, both companies said.

Metaleurop's 1991-92 loss was 167 million francs (\$28 million). (Knight-Ridder, AFP, Reuters)

## Delhaize Sales Rise, Food Lion Hurts Profit

**Compiled by Our Staff From Dispatches**

BRUSSELS — Delhaize Freres & Co. said Friday that its 1993 sales rose 12 percent to 366 billion Belgian francs (\$10.13 billion), but it said profit would be down significantly, partly because of a \$170 million charge for closing dozens of its supermarkets in the United States.

The Belgian concern does business in the United States as Food Lion. In Salisbury, North Carolina, Food Lion Inc. said it would close 88 stores in 1994, affecting about 3,500 employees. It cited poor financial performance at individual stores.

Food Lion's president and chief

executive, Tom Smith, said most of the workers would be offered jobs elsewhere in the company. Employees who do not receive other jobs with the company will receive severance payments, he said.

Food Lion, which operates more than 1,000 grocery stores in 14 states, said it had a net increase of 84 stores in 1993 and planned to open 40 to 50 more in 1994.

Food Lion said its same-store sales rose 2.9 percent from a year earlier in the fourth quarter of 1993. For the year, however, same-store sales fell 2.6 percent.

At another American unit of Delhaize, Super Discount Markets

Inc., 1993 sales rose to \$260 million from \$248.4 million in 1992.

Sales at its 16-store Greek unit, Alfa-Beta Vasilopoulos, rose 31 percent to 53.6 billion drachmas (\$214.2 million), Delhaize said. One outlet was opened at the end of November, and further expansion is under study.

At the Czech unit, Delvia, sales more than tripled to 769 million koruny (\$26.1 million) from 239 million koruny the previous year. Delhaize said sales in Belgium were up 2.3 percent in 1993, to 93.3 billion Belgian francs.

Delhaize expects to pay an unchanged dividend for 1993 of 20 francs a share. (AFX, AP)

## Irish Group in Talks On The Independent

**Agence France-Presse**

LONDON — Newspaper Publishing PLC, majority owner of The Independent, is discussing selling 35 percent of its capital to the Irish company Independent Newspapers PLC, headed by the magnate Anthony O'Reilly, for £20 million (\$29.7 million), it was reported Friday.

The Independent, established in 1986, has won praise for its quality but has seen its circulation slip to 340,000 from 400,000 during Britain's recession.

## France Is No Longer in Recession, Balladur Asserts

**Compiled by Our Staff From Dispatches**

PARIS — The French economy emerged from recession a few weeks ago, Prime Minister Edouard Balladur said Friday.

In a New Year's message to journalists, he said, "As of a few weeks ago, the economy of our country is no longer in recession." He did not elaborate.

Mr. Balladur said the government aimed to prevent the country's unemployment rate, already at 12 percent, from rising further this year but did not believe there would be a rapid end to the problem.

Also on Friday, at a ceremony inaugurat-

ing the Bank of France's monetary policy council, Mr. Balladur said the new independence of the Bank of France should strengthen the "international credibility" of the franc.

He pledged to "scrupulously monitor" the Bank of France's freedom from political influence and told members of the council — which was established to define and implement monetary policy independently — they should oversee or accept instructions from the government.

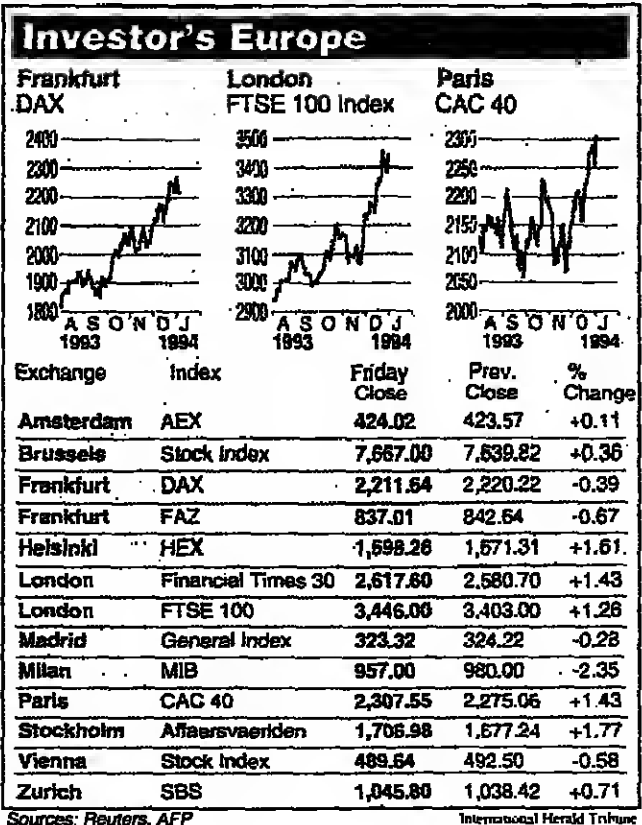
In economic news, the Paris Bourse closed a record-setting week with another high of 2,307.55 points on the CAC-40 index, up 1.4

percent on the day, and the government announced a seasonally adjusted trade surplus for October of 8.70 billion francs (\$1.47 billion).

The October surplus compared with a revised surplus of 9.91 billion francs to September. The government had originally reported a surplus in September of 9.57 billion francs.

The figures showed a fall in imports in October to 87.89 billion francs from 91.77 billion in September. Exports fell to 96.58 billion francs from 101.68 billion.

(AFP, IHT, Reuters)



### Very briefly:

- Alzo NV predicted that profit for the fourth quarter of 1993 would be higher than a year earlier, though figures are not yet available; the chemical company said results in the United States were higher while those in most European operations had lagged.
- Ahold NV said 1993 group sales rose about 25 percent to 27.1 billion guilders (\$13.93 billion), largely due to the consolidation of Schuitema NV, a Dutch wholesale food concern.
- Short Brothers PLC, an aerospace company and the largest employer in Northern Ireland, said it would cut 429 jobs from its payroll of 10,129.
- Russia's government said that wages had more than doubled in dollar terms in the last year and that the average monthly wage was worth about \$104 in December.
- Portugal's cabinet decided to increase the maximum stake that foreign companies can acquire to privatized Portuguese companies to 25 percent; the limit has been gradually raised from 10 percent.
- Kvaerner A/S said its German shipbuilding unit, based in Warnemünde, had won orders to build five container ships worth more than 1 billion Norwegian kroner (\$148 million). (Reuters, Bloomberg, AFP, AFX)

## NASDAQ

**Friday's Prices**  
NASDAQ prices as of 4 p.m. New York time. The list compiled by the NYSE includes the 1,000 most traded securities in terms of dollar value. It is updated twice a year.

12 Month High Low Stock Div Yld PE Ratio High Low Latest Close

12 Month High Low Stock Div Yld PE Ratio High Low Latest Close	12 Month High Low Stock Div Yld PE Ratio High Low Latest Close	12 Month High Low Stock Div Yld PE Ratio High Low Latest Close	12 Month High Low Stock Div Yld PE Ratio High Low Latest Close
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## China Sets Minimum Wages

### 10 Cents an Hour for Workers in Shanghai

Compiled by Our Staff From Dispatches

BEIJING — China announced Friday a minimum-wage scale that will require employers in urban areas, starting in July, to pay at least \$24 a month — equal to 10 cents an hour — in Shanghai and \$32 to \$38 a month in the southern boom towns of Shenzhen and Zhuhai.

Instead of a fixed national minimum, Beijing decided to impose a sliding scale based on local wages. It requires provinces and municipalities to guarantee every worker at least half the average wage in his region.

The wage order follows numerous calls by worker groups and others for a measure of protection against inflation, job losses and exploitative employers.

With layoffs increasing at state-run companies and a surplus labor force of 100 million ready to pour into the cities, China is very much a buyer's market for labor.

"The minimum wage will guarantee a reasonable standard of living for employees at a time when the gap is widening for different groups," a Labor Ministry official said, according to the China Daily.

"A critical target is low-wage earners who have been affected by

rising prices in a period of economic growth," the official said. Inflation in urban areas is running at more than 20 percent a year, according to recent Chinese government data.

Foreign companies and investors have been targets of increasing criticism in Chinese media recently, ac-

## Beijing Cautions On Social Unrest

Compiled by Our Staff From Dispatches

HONG KONG — Signs of China's concern that economic reforms may trigger unrest surfaced in a Beijing-run newspaper Friday, quoting an unnamed leader as warning that money supply and public works were headed for unsustainable levels this year.

The report Thursday in Wen Wei Po followed one Thursday in the independent Ming Pao daily, saying that Beijing had cautioned local officials to beware of potential unrest.

China's state-run papers rarely report strikes, but reports of work unrest have risen since the government phased out the system of fixed wages and lifetime job tenure.

(AP, Bloomberg)

used of putting profit before people, ignoring safety standards and providing poor working conditions.

But a Labor Ministry official quoted by the China Daily, Su Haiman, pointed out that similar problems existed in some state-run enterprises that had been contracted out to individual managers.

China also announced Friday what it called experimental measures aimed at granting more autonomy to state-run companies in setting salary levels.

A senior Labor Ministry official said Beijing would test the salary system at 100 state enterprises, granting them full decision-making powers in setting and raising wages — as long as salary increases do not exceed a rate representing economic efficiency.

The official, quoted by Xinhua news agency, also indicated that the companies chosen for the experiment would be allowed to fire workers if necessary in the name of efficiency.

The 100 companies were chosen at the end of 1993 to be experimental participants in a "modern enterprise system," in line with decisions made at a party plenum in November on reforming the debt-ridden state sector.

(UPI, AFP)

## Guangzhou Traders Raided

Bloomberg Business News

HONG KONG — Chinese authorities raided six futures trading companies in the southern city of Guangzhou on Thursday night, a Beijing-backed newspaper said Friday.

The Hong Kong-based Wen Wei Po said some of the companies were operating without permission and some were badly managed and hurting their customers' interests. It did not specify what action was taken against them.

The raids are the latest sign that China is seeking to crack down on some of the excesses that have arisen in its nascent futures industry.

Last year, allegations of fraud by investors whose money had disappeared led to a shutdown in trading at a joint venture futures broker in Chongqing, an industrial city in Sichuan province. That broker involved Hong Kong investors and traded in Philippine commodity futures.

The raids in Guangzhou, the capital of Guang-

dong province, were the first after the publication of new rules for futures companies in December that require them to re-register with the provincial authorities, Wen Wei Po said. Some of the firms were involved in foreign-exchange futures trade, the paper said.

The sale of futures contracts to greenhorn investors in China is a vivid illustration of the problems China's regulators face in trying to keep pace with the free-wheeling capitalism that has sprung up in the country in the last two years.

In November, the state-run China Daily newspaper said the authorities would close 61 futures brokerages that are partly or wholly foreign-owned and start registration of all futures exchanges.

In recent months, the press has been packed with accounts of huge losses by speculators tracking international currency markets and of Hong Kong-funded brokerages cheating naive Chinese investors.

## Japan to Seek End of Securities Tax

Compiled by Our Staff From Dispatches

TOKYO — The seven parties in the governing coalition agreed that the tax on securities trading should be abolished and set a figure of more than 7 trillion yen (\$61.84 billion) for Japan's next fiscal stimulus package, the Nihon Keizai Shimbun reported Friday.

The report said the proposal to abolish the tax would be among the measures in the stimulus package. Ending the tax would help Japanese brokers save 10 billion yen a year in taxes, Mark Faulkner, a securities analyst at S.G. Warburg & Co., said. Given their low profits recently, that will make a difference to their earnings, he said.

Stocks of Japanese brokerage houses, and the Tokyo market as a whole, surged on the news. Yamachi Securities Co. advanced 36 yen to 660 on the Tokyo Stock Exchange, and Nomura Securities Co. gained 50 to 1,940. The 225-stock Nikkei Stock Average rose 242.02 points, or 1.35 percent, to close at 18,124.01.

Several news reports said the coalition had decided to unveil its long-awaited fiscal stimulus around Jan. 20 but to delay until February announcing the size of the proposed income-tax cuts and how it would finance them.

The chief cabinet secretary, Masayoshi Takemura, has said the government would compile a third supplementary budget for the current fiscal year and the general

budget for the new year, which begins April 1, after the parliament approved political reform legislation. The current legislative session is to end Jan. 29.

Meanwhile, Japanese bond prices surged as institutional investors encouraged by a successful auction on Thursday resumed active bidding, traders said.

Ten-year government bonds for March delivery, the most active futures contract, closed at 118.30, up 0.62 on the day.

"March futures will definitely head toward 119-120 yen next week," Satoru Igarashi, a trader at Nissan Fire & Marine Insurance Co., said, surpassing 118.59 yen, the record high price for Japanese bond futures contracts, which was reached in June 1987.

The yield on the benchmark 10-year issue fell to 2.975 percent from 3.005 percent Thursday.

The bond market has been helped by delays in the government's stimulus plan, which some traders and analysts had been expecting Prime Minister Morihiro Hosokawa to announce several weeks ago. (AP, AFP, Bloomberg)

## ASIA: China and India Are Towing Other Regional Economies Along

Continued from Page 1

Singapore and Thailand that are facing rising labor costs can "maintain their export competitiveness by relocating lower-end manufacturing activities to China to take advantage of the much lower wage levels there," said Friedrich Wo, head of economic research at DBS Bank in Singapore.

Analysts expect a similar expansion of economic links to occur with India, where reforms launched in mid-1991 have opened the country to foreign investment, cut protectionist barriers and floated the rupee.

Sanjay Chowdhury, chief economist for the Asia-Pacific region in

the Singapore office of Merrill Lynch & Co. said that he expected India's gross domestic product to grow by up to 6 percent after adjustment for inflation in the fiscal year beginning April 1. The economy is on target for 4.8 percent growth this year.

Indian analysts said that when Mamohan Singh, the finance minister, presents his annual budget next month, he is likely to cut corporate taxes, deregulate interest rates, reduce subsidies and tariffs, expand convertibility of the rupee and pursue privatization.

Robert Broadfoot, managing director of Political & Economic Risk Consultancy Ltd. in Hong Kong, said that if China and India were

able to sustain their momentum without falling victim to major trade disputes, mismanagement or sociopolitical turmoil, they would attract an increasing proportion of regional and global trade and investment.

"Other Asian economies that can effectively promote integration with these two up-and-coming giants should also prosper," he said. But those Asian countries that "fail to ride on China or India's coattails will have to develop much more creative formulas for growth or risk being relegated to the periphery of where the real action is in Asia," he warned.

Concerned that foreign invest-

ment is being diverted to China and India, Indonesia and the Philippines recently announced measures to further liberalize their economies.

After a 66 percent fall in foreign investment in Malaysia in 1993, Rafidah Aziz, Malaysia's minister of international trade and industry, said Thursday that the government would introduce reforms to increase the domestic content of private investment.

Mr. Bhaskaran said that liberalization and reform in China and India "by virtue of their size will force a faster pace of deregulation and reform in the rest of the region."

## MARKET: Bears Paw Asian Stocks but Analysts Still Expect Growth

Continued from Page 9

investors take profits and reassess their portfolios.

They say the latest portfolio adjustment by Nomura Securities Co., which has advised clients to reduce their weighting in Hong Kong stocks, will have a dampening effect on the Asia-Pacific region.

Miron Mushkat, chief economist on Asia for Lehman Brothers, said Asian markets might pause at lower levels for a while as investors come to terms with steep gains in the past year. But they will likely

rise again in the medium term on prospects of solid regional growth.

"The bull run may take a different form, but it is not the end of the bull run," Mr. Mushkat said.

Percy Au-Yang, director of research at DBS Securities Hong Kong, said, "I think there is still investor interest in this region and especially in Hong Kong because of the China opportunity."

In Asian markets, on Friday, Hong Kong's Hang Seng index ended down 3.28 percent, Bangkok stocks fell 5.55 percent, Taipei closed down 3.37 percent, Kuala Lumpur dropped 4.64 percent, Manila shares shed 4.6 percent and Singapore eased 0.92 percent.

But prices on the Tokyo Stock Exchange, which has been largely bypassed in the bull run, surged Friday. The 225-stock Nikkei Stock Average rose 242.02 points, or 1.35 percent, to 18,124.01.

Traders said prices boomed in late trading on reports in the Nihon Keizai Shimbun that Prime Minister Hosokawa's seven-party coalition was considering an abolition of the securities transaction tax as part of an expected economic stimulus package.

Buying by foreign investors also pushed up the Nikkei, said Tomomatsu Yamamoto, a trader with Yamachi Securities Co.

Nomura recommended that cli-

ents reduce their weighting of Hong Kong stocks to 7 percent from 8 percent of a global portfolio and liquidate their holdings entirely in Malaysia and the Philippines.

Nomura had previously recommended 2 percent holdings in each of these markets.

In Hong Kong, a well-known market contrarian, Marc Faber, was hesitant to say the bull run was over.

But when the downturn becomes entrenched, losses will be savage, Mr. Faber said. "The Hang Seng will decline by at least 50 percent," he said.

(Reuters, AP, AFP, Bloomberg)

## Investor's Asia

Hong Kong Hang Seng	Singapore Straits Times	Tokyo Nikkei 225
12000	2500	21000
10000	2000	20000
8000	1500	19000
6000	1000	18000
4000	500	17000
2000	0	16000
0	0	15000
1993	1993	1993
1994	1994	1994
Exchange Index	Friday Close	Prev. Close
Hong Kong Hang Seng	11,001.40	11,074.50
Singapore Straits Times	2,365.40	2,388.28
Sydney All Ordinaries	2,183.06	2,193.00
Tokyo Nikkei 225	18,124.01	17,881.99
Kuala Lumpur Composite	1,190.73	1,248.69
Bangkok SET	1,575.43	1,667.84
Seoul Composite Stock	895.25	893.17
Taipei Weighted Price	8,200.59	6,416.84
Manila Composite	3,150.56	3,293.33
Jakarta Stock Index	607.89	612.89
New Zealand NZSE-40	2,224.16	2,198.82
Bornéay National Index	1,750.59	1,606.31
		% Change
		-0.92
		-0.46
		+1.35
		-4.64
		-5.55
		+0.23
		-3.37
		-4.05
		-0.85
		+1.15
		+3.20

Sources: Reuters, AFP International Herald Tribune

## Very briefly:

- Volkswagen Audi Nippon KK, the Japanese unit of Volkswagen AG, predicted it would sell 39,600 Volkswagen and Audi cars in Japan this year, compared with 24,873 in 1993 and 42,083 in 1992.
- Asahi Breweries Ltd. said it would acquire the 50 percent of Hokkaido Asahi Breweries it did not already own.
- NEC Corp., which controls more than half of Japan's personal-computer market, said it was considering supplying its popular PC-98 series to Dell Computer Corp. of the United States.
- Shanghai stock market volume in 1993 jumped 660 percent from 1992, to 500 billion yuan (\$57.61 billion), the weekly newspaper The Shanghai Star said, and market capitalization rose 440 percent to 20.7 billion yuan.
- Framatome SA, Westinghouse Electric Corp. and Combustion Engineering Systems Inc. have bid to supply reactors for Taiwan's fourth nuclear power plant, Taiwan Power Co. officials said.
- Asia-Pacific Economic Cooperation forum's 17 member nations are likely to hold their first finance ministers' meeting in March, possibly in Hawaii, Japanese officials said.
- Accor Asia-Pacific said the Australian hotel operator's shareholders had approved an issue of 70 million common shares to raise 61 million Australian dollars (\$47.9 million) to finance expansion in China.

Reuters, AFP, Bloomberg, AP

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Herald Tribune

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Il a été décidé de payer le 7 janvier 1994, auprès de METROPOLITAN BANK ASSOCIATES un dividende intermédiaire par action en circulation au 31 décembre 1993, pour les compartiments ci-après :

- Placements Fixes Internationaux

BEF 2.6668, par action contre remise du coupon n° 5

- Placements Internationaux ECU-Rendement

ECU 346, par action contre remise du coupon n° 1

- Placements Internationaux USD-Rendement

USD 341, par action contre remise du coupon n° 1

- Placements Internationaux USD-Long Terme

USD 344, par action contre remise du coupon n° 1

Les actions seront cotées ex-dividende en Bourse de Luxembourg à compter du 31 décembre 1993.

METROPOLITAN BANK ASSOCIATES

## AMEX

### Friday's Closing

Tables include the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

High Low Stock Div Yld PE 1993 High Low Latest Chgs

12 Month High Low Stock Div Yld PE 1993 High Low Latest Chgs

12 Month High Low Stock Div Yld PE 1993 High Low Latest Chgs

12 Month High Low Stock Div Yld PE 1993 High Low Latest Chgs

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12 Month High Low Stock Div Yld PE 1993 High Low Latest Chgs



# MONEY

## FIRST COLUMN

### Humility: Accept No Substitutes

**R**EMEMBER the death of indexation? It seems that the reports were a little premature, if the early rumblings from the mutual fund statisticians looking at the results of 1993 are to be believed.

The business of compiling and collating dollar performances from all internationally available mutual funds is lengthy and complex (which is why readers will have to wait until next week for the definitive international survey), but already one conclusion can clearly be drawn: Last year may have been great for the markets, but it wasn't quite so good for the managers who pick the stocks in the markets. In other words, the world's fund managers, who are paid to know better than the next person and pick better stocks, are still failing to beat the indexes.

Which is why talk of the death of indexation is premature. It doesn't require a doctorate in the school of superficial cynicism to argue this thesis: The real genesis of indexation and the perfect-market theory that goes with it stemmed from a general lack of competence among fund managers.

Faced with results consistently worse than the returns of the market average, many managers found it extremely convenient to argue that the market they were trying to beat was in fact a perfect mechanism. Thanks to advances in computer technology, improved research, etc., it was supposedly impossible to better the market's valuation of a security.

That argument provided some healthy self-justification for the ever-expanding universe of fund managers for a while. The logic of it led many to buy computer systems and avail themselves of expensive index-tracking techniques, sit back and wait for the money to roll in.

Then the tables turned. Many managers began to beat the indexes. Maybe they were due to do so according to some obscure cyclical law. Maybe they just got lucky.

The result was that with more than the usual quarter managing to beat the index, some managers got bold and said that they really should be beating the indexes after all. So if it is correct that the indexes are back on top again, wait for another glut of index funds and further defenses of the indefensible perfect-market theory.

**M.B.**

## A Fearless Gaze Into the Future Our Experts, Mainly, Expect a Robust Boom in 1994

By Martin Baker

**F**INANCIAL analysts and commentators are paid to have a view. And the more elegant the view, the more handsome the remuneration. The opinions offered to readers at the beginning of last year by our selected analysts were models of cogent reasoning and well-structured financial analysis. Unfortunately, they were, in the main, wrong.

The most common error was excessive caution. This time round, critical opinion is much more bullish. Readers must draw their own conclusions. Here are two possibilities: Either the well-paid financial community is finally getting it right, and is about to let its clients accumulate some wealth of their own, or its optimism is a negative indicator — and a good sell signal.

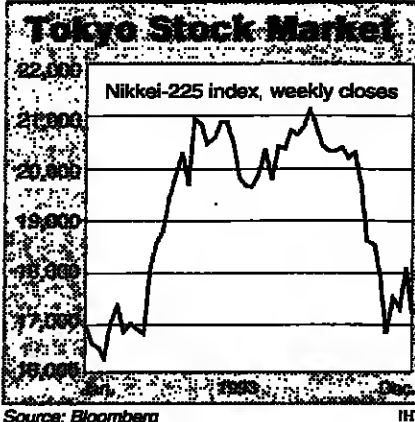
We offer their opinions, some embellished by price information, without further comment.

• Chrissy Keen, director, investor communications, Fidelity Investments:

"The Japanese market has seen a volatile period recently. Investor sentiment is decidedly negative and many international investors are very underweight in Japanese equities. Concern surrounds the political, economic and corporate earnings environment and it would appear that there is little to be positive about. However, the next few months could see a number of developments.

"On the political front, the government has appeared shaky at times, but should be able to achieve its goal of political reform and this will be perceived positively for longer-term developments. As far as the economy is concerned, another stimulatory package is expected and this could include a further interest-rate cut, and rates could fall to as low as 1 percent. Income tax cuts are also expected in order to help stimulate consumer activity.

"Japan's economic problems have been exacerbated by the strength of the yen, but lower interest rates, together with a different U.S. attitude to the yen is likely to lead to some further weakening of the Japanese currency, and this could be a key factor in changing sentiment. With some of the exporting companies being among the first to have rationalized their businesses, a weaker yen, combined with stronger U.S. growth, is likely to boost exports. Not only could this help to stimulate the economy but it should also lead to good corporate earnings growth in some areas of the market. At present, there is little optimism on the outlook for

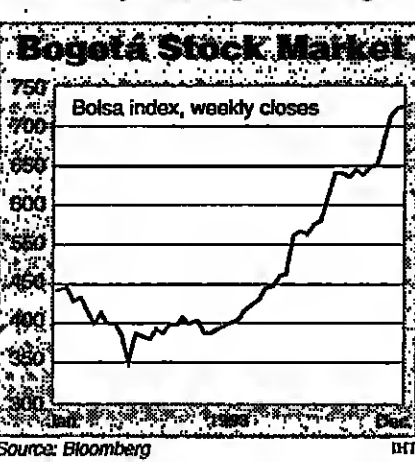


Tokyo Stock Market

corporate earnings and we believe the upside potential is being underestimated.

"The timing of a change in sentiment is always difficult to predict, but over the coming months we could see a big swing in favor of Japan, particularly as the realization grows that the earnings outlook is better than currently estimated."

• Arnab Banerji, chief investment officer, Foreign & Colonial Emerging Markets Ltd.: "Colombia stands out as having one of the strongest economies in Latin America. With abundant natural resources, an extremely hardworking and entrepreneurial work force and a thriving private sector, the country managed to register a growth rate of 3.5 percent a year right through the 1980s; a decade of travail for the rest of the continent. Unlike many of its neighbors, during this



Bogota Stock Market

### The Year Ahead

Page 15 Earnings forecasts - Top predictions for European and Asian companies with large capitalizations.

The pessimists call: Investing to beat inflation.

The January effect

period Colombia continued timely servicing of its foreign obligations — without resorting to debt restructuring — resulting in a credit rating for government debt that is matched only by Chile. However, compared to many other markets in the region, Colombia has now underperformed. This is now set to change.

"Alongside Mexico, Argentina and Chile, Colombia has embarked on a radical program of economic reform that seeks to enhance the role of the private sector and open up the economy to the world market. The 'Apertura' program of President Cesar Gaviria Trujillo has resulted in the abolition of many nontariff barriers and the lowering of import tariffs from an average of 44 percent to 12 percent now. Just as importantly, from the market's point of view, foreign investment rules have been liberalized, exchange controls eased, the tax system rationalized and a privatization program embarked upon. Our view is that the economy is capable of sustaining a growth rate in excess of 4 percent a year for the rest of the decade.

"Like other countries that have undertaken market-friendly reforms, there is increasing attention being paid to the local bourse. Falling inflation and interest rates combined with strong earnings momentum are now drawing both domestic and foreign investors into the equity market. Experience elsewhere in the emerging markets suggests that the relatively small size of the bourse in relation to the absolute size of the potential demand could result in a very large price surge. By way of example, similar policies resulted in the Venezuelan equity market soaring (in dollar terms) by 351 percent in 1990 and Argentina's by 371 percent the following year. However, being the conservative people we are, we'll stick with our forecast of a 35 percent return in 1994."

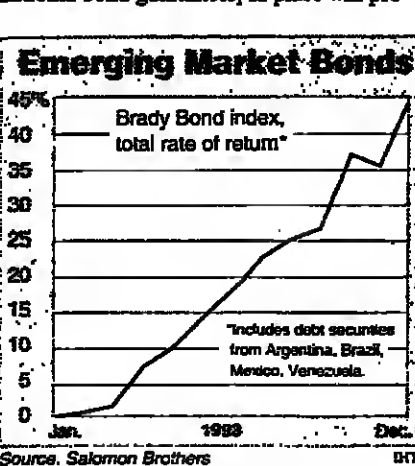
• Paul Murray-John, GT Management:

"1993 has been a bonanza year for both established and emerging bond markets. Against a background of falling short-term interest rates, falling inflation and meager deposit rates, investors have felt confident enough to reach for yield by extending duration and exploring emerging bond markets.

"As fixed income investors look forward into 1994 the prevailing mood is one of cautious optimism. Economic activity will remain out of step around the world and inflationary pressures will remain subdued. This suggests that there remain good opportunities for healthy positive returns from many fixed income markets. The best returns, though, are likely to be found within the universe of emerging bond markets.

"The fact that the past year has been so rewarding in these markets should not deter investors, although it does argue for a more selective approach and a careful analysis of relative value. Many of these countries will continue to undergo a credit rating as they integrate more fully with the international trading community following the conclusion of the latest GATT round, and thus attract new investors. In this environment the attraction of higher yields and the benefits of diversification will prove irresistible to fixed income money managers.

"Those countries with Brady deals [international bond guarantees] in place will pro-



vide the most appropriate instruments for new investors to gain exposure to emerging debt markets and it is here, and particularly in Latin America, that one is likely to see the best returns in 1994. Mexico is likely to achieve an investment grade credit rating in 1994, partly as a result of the successful conclusion of NAFTA. However, Argentinian fixed rate bonds are likely to provide the best returns in the region.

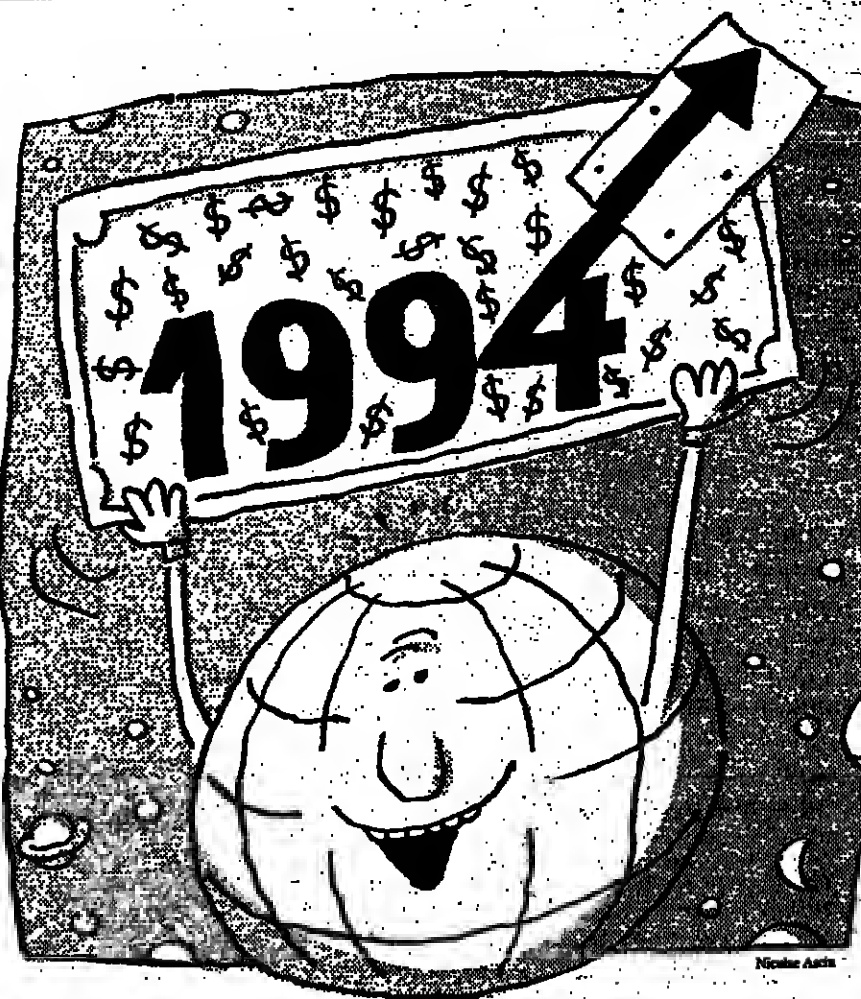
"The impressive economic achievements of recent years in Argentina have been forged through a commitment to defending the peso-dollar peg with a tight monetary policy. This economic policy now looks to be secure over the longer term following the recent constitutional agreement allowing President Carlos Saul Menem to run for another term. Next year attention is likely to focus on the possibilities of a credit rating to investment grade, which will encourage fixed income investors."

• Michael Coulson, gold analyst, Credit Lyonnais Laing, London:

"The price of gold will rise spectacularly, not just through \$400 an ounce, but through \$500 an ounce. Factors will be more demand than supply, continuing currency turmoil, and problems with national deficits."

• Dr. Robert J. Barbera, economist, Lehman Bros., New York:

"There will be a shocking jump in Japanese consumer spending in the second half as import prices collapse and Japanese retailers break ties with their domestic suppliers."

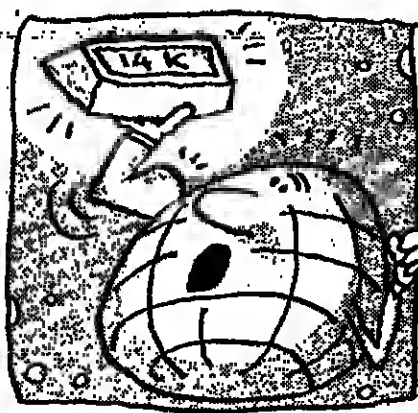


ers. By 1995, Japan starts to look like the United States did in 1985 and 1986. If you've been to Japan lately, this scenario is not that far-fetched. Prices in Tokyo are about twice as high as they are in Paris, and Paris isn't exactly Des Moines."

• William H. Overholt, managing director, Bankers Trust Co., Hong Kong, author of "China: The Next Economic Superpower":

"1994 could see a tremendous further collapse in the Japanese property market, which could take the Japanese stock market and banking industry into an even further downward spiral."

• Laurence Freeman, joint managing director, EquiLink Group, (Australia's largest independent fund management group): "There are steady increases in physical demand for gold and growing concerns



about inflation. But political events in Russia and South Africa especially will push gold to higher prices this year.

"What's happening now in South Africa now is the worst possible outcome. We're now seeing black and white groups versus other black and white groups," a reference to the recently struck alliance between conservative Zulus and militant far-right Afrikaners.

"Any effort by any group to stop gold production at a single mine, a very likely scenario in the next six to 12 months, could create the impression that production could come to a halt. That would send gold prices rocketing.

"Even if gold only goes to \$480 there are still plenty of bargains out there."

• Richard Mosely, director, Jardine Fleming Unit Trusts Ltd., Hong Kong:

"Chinese leader Deng Xiaoping could pass away. And historically, the transition of power in China has not been a smooth process."

• Serge Lodermann, European market analyst, Lombard, Odier & Compagnie, Geneva:

"European stock markets, many of which closed between 30 percent and 50 percent in 1993, will not fall off to more 'normal' rates of return in 1994 as most people expect. Instead, they will perform equally as well as they did in 1993. Also, the Swiss football team will win the World Cup."

• Gordon Muir-Carby, Central European specialist, Smith New Court Securities, London:

"The new Turkish government, following the general shift toward peace-seeking that we've seen on the West Bank and in Northern Ireland, could succeed in bringing the Kurdish separatists to the negotiating table. Were that to happen, the positive effect on the Turkish market, which grew 181 percent in 1993 in dollar terms, would be substantial."

• Peter Everington, Regent Fund Management, Hong Kong:

"Just about anywhere but Hong Kong equities is the place to be in 1994."

"We see Hong Kong's Hang Seng Index rise of 115.6 percent, and more of the same since the New Year, as being too much too fast. We have recently sold everything in Hong Kong."

"A combination of economic overheating in China and balance of payments crisis, steep inflation in Hong Kong and a top for high real estate prices makes Hong Kong too risky a place to hang around."

"We are now favoring Taiwan and Korea, and Sri Lanka, Pakistan and, to a lesser

extent, India, to continued investment in Hong Kong where a serious correction is due that will have negative impact on other high-priced markets in Malaysia, Thailand and Singapore.

"Hong Kong is way overvalued and Malaysia, Thailand and Singapore have reached where they should be at the end of 1994."

• William Arab, Marathon Asset Management, London:

"We are very positive about the long term implications of economic growth in the emerging world but many of the related equity markets have clearly run ahead of themselves. We can best tap into these new demand centers through multinationals that are increasing their exposure to these markets. A good example would be Yamaha Motor [of Japan], which has become the largest motorcycle company in China."

• Andrew Gregory, investment director, Kleinwort Benson Private Bank, London:

"Overall, we're optimistic about shares in 1994. We think that, in general, they have a way to go, and we expect interest rates to ease — particularly in Europe."

Specifically, we see two good calls in smaller companies, which have not benefited from the meteoric rise in stock markets in the way that their larger brethren have, and privatizations. Europe has a major round of privatizations to come, and the opportunities are immense.

"Our other major area of interest is Japan. We expect interest rates to fall. That will boost shares in itself, and will also contribute to a progressive weakening of the yen that will enhance corporate competitiveness internationally. Despite multiples looking extended, we expect that after write-offs Japanese company profits will rebound this year.

"Our final thought is that at some stage in 1994 there will be a correction in equity prices as investors take profits. Historically, cash is a very attractive investment when it looks to provide an unappealing return against other investment media — as is the case now."

• Barry Woolf, chief investment officer, Mercury Fund Managers, London:

"We believe that for the fourth year in a row there will be modest overall world eco-



nomic growth. We expect inflation to remain low, and believe there is further scope for falls in interest rates. We expect further progress in both equity and bond markets. Nevertheless, there will be periodic worries... volatile stock markets are likely.

"We would recommend an underweighting in the United States where the market will no longer be assisted by interest rate falls.

"There remains further upside in the U.K. stock market. In the context of sustained economic growth and low inflation, the U.K. stock market is attractively valued relative to Continental Europe, where markets should benefit from further interest rate declines.

"In Japan it is probable that corporate profits will show little recovery in 1994 even before major corporate restructuring. In this situation yen bonds remain a preferred asset class.

"Outstanding growth prospects assisted over the medium term by the recent GATT agreement will continue to justify investment in the Pacific Basin and emerging markets areas.

"Evidence suggests that investors will want to increase their exposure to them, providing further support."

Interviews conducted by Rupert Bruns, Rupert Crawford, Albie Sullivan, Kevin Murray, and Martin Baker.



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• Barclays Hong Kong Fund Up 377.13%\* • Barclays Thailand Fund Up 282.56%\*

• Barclays Malaysia Fund Up 240.72%\* • Barclays Philippines Fund Up 195.69%\*

It must be remembered that the value of shares and the income from them can decrease as well as increase and that the past performance

figures shown are not indicative of future performance.

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\*Source: Micropal 01/2001 to 20/12/91

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Interviews conducted by Rupert Bruns, Rupert Crawford, Albie Sullivan, Kevin Murray, and Martin Baker.



# THE MONEY REPORT

## 2 Cheers for Inflation-Protected Bonds

By Baie Netzer

WHEN equities boom most other investment media pale in comparison. Nevertheless, last year was an excellent year for bond investors, with double-digit yields common. And this, don't forget, from securities that are relatively safe and stable — qualities that inspire some commentators to call for bonds as their preferred investment medium for the new year.

"Investors look at the simple nominal return on an index-linked bond and say that's not high enough," said Ian Shepherdson, U.K. economist for Midland Global Markets in London. "But they're suffering from a money illusion. They don't realize that this is the best possible product to protect themselves against hazards such as inflation."

While conventional bonds carry the risk that rising inflation will eat away at the value of investors' payments, index-linked bonds raise interest payments and often capital value in line with increases in a country's retail or consumer price index. But because the bonds guarantee an inflation-adjusted return, the simple yield they offer was recently only 3 to 4 percent.

An additional problem is that

the four major issuers of index-linked bonds — Britain, Canada, Australia and Denmark — don't spark the kind of inflation fears among investors that names like Brazil and Russia ignite.

That is until crisis erupts. When Britain dropped out of the European exchange rate mechanism, or ERM, in September 1992, the resulting uncertainty led an enormous rally in index-linked bonds, according to Iffy Islam, fixed-income strategist for Merrill Lynch in London.

Since then, however, fears of inflation have eased as the underlying inflation rate in Britain (which excludes mortgage interest payments) has dropped below 3 percent to a 25-year low, according to Mr. Islam. Investors who previously went wild for index-linked bonds now find the 3 percent yields somewhat stung. Many have returned to conventional bonds.

But for individuals heavily invested in any of the four main issuers' currencies, experts say these securities are still among the smartest ways of hedging against the risk of inflation. At Kemper Securities in Chicago, Charles Ovis, a foreign and global trader, notes that buying such traditional inflation-hedges as gold can be expensive and cumbersome for individuals.

Index-linked bonds, on the other hand, are generally convenient for

individuals to buy. In Britain, the Bank of England has already issued more than £20 billion (\$30 billion) in face value of the bonds. They are sold in denominations as low as £1,000 and investors can buy them through the Post Office free of commission. Banks and brokerages will also buy them for customers for a charge.

Experts say the bonds are also well suited to conservative investors because principle is guaranteed, unlike such other inflation-hedging investments as gold. The issuer of the bonds in each country is usually the federal reserve bank and thus the bonds carry the same guarantees as conventional Treasury bonds.

Retail buyers of index-linked bonds have tended to purchase shorter maturities, according to Mr. Shepherdson. That's mainly because the longer-term 20- or 30-year bonds don't seem to offer investors the higher yields they normally require to take on the risk of buying a longer maturity.

For instance, an index-linked 30-year British bond recently yielded 3.1 percent compared to 2.9 percent on a similar 10-year bond. That small difference of 20 basis points (there are 100 basis points in one percentage point) compares to a spread of 35 basis points between 10- and 30-year conventional government bonds.

"Three percent doesn't seem like much but people don't realize they are looking at a guaranteed real yield," said Mr. Shepherdson. "And because of that guarantee, the yield is going to be less than what you'd see on a conventional bond with no inflation protection."

However attractive the index-linked bonds are for local investors, experts say it doesn't make sense for international investors to try to purchase index-linked bonds unless they are heavily weighted in the currencies in which the bonds are issued.

"There isn't really much demand for them right now from foreign currency buyers," said Kemper's Mr. Ovis. "In general, foreign currencies buyers are looking for larger returns and shorter-term rallies than these type of mild-inflation hedges can provide."

And for conservative investors who just can't bring themselves to accept a stodgy 3 percent yield, experts say they may do just as well sticking to conventional bonds in the near term. Mr. Islam of Merrill Lynch says he is counting on inflation in Britain to remain low over the next 12 months.

"As a result, I think conventional U.K. bonds will outperform the index-linked bonds over the near term," he said.

### BRIEF CASE

#### Societe Generale Expands French Equity Index Bond

Due to investor demand, Societe Generale Equities and Derivatives, or SGED, has expanded the capacity of its French equity index bond to 500 million French francs (\$83 million). The fund tracks the SBF120 index, runs for four years and offers income of 5.4 percent.

"The yield of the bond could be compared with the OAT [French government bond] which was offering a yield of 5.23 percent in mid-December," said Jean-Pierre Mustier, managing director of SGED.

Minimum individual investment is 10,000 francs (\$1,670).

For more information, call SGED in Paris (33 1) 42 13 65 63.

#### E.D. & F. Man Starting Fund For 'Medium-Term' Profits

International derivatives fund manager E.D. & F. Man is launching a new Bermuda-registered fund in conjunction with trading adviser Adam, Harding & Lueck. AHL Guaranteed Capital Markets Ltd. will trade a diversified portfolio of global equity indices, bonds and financial commodity futures

with the aim of realizing "substantial medium-term capital appreciation."

Minimum investment is \$30,000, and charges are performance-related. In other words, 100 percent of investors' money is invested, and the managers take a share of profit above a certain level.

For more information, call John Townsend, E.D. & F. Man International in London at (44 71) 285 3200.

#### A Chance to Participate in European Privatizations

Private and institutional investors looking to participate in the forthcoming glut of European privatizations can do so through the medium of a new collective investment vehicle launched by London-based fund manager, Kleinwort Benson Investment Trusts.

The fund begins taking contributions on Jan. 11, and investors must initially commit a minimum of £1,000 (\$1,500 in dollar terms).

The Money Report is edited by Martin Baker

— but sterling checks are required. This is the first installment of two, with the second due in six months. So the minimum investment overall is £2,000.

Simon White, managing director of KBIT, cites Morgan Stanley research that some \$150 billion will be added to European stock markets over the next few years through the medium of privatization, and argues that privatized industries will make for a more efficient European industrial scene in the longer term.

Investors will pay an annual management fee of 0.75 percent. They will also bear the start-up costs of the fund, which will not exceed 5 percent, according to Mr. White.

For more information, call KBIT at London (44 71) 956 6600.

#### A Secondary Market For Sri Lanka Fund

Regent Fund Management's recently launched Sri Lankan fund has successfully negotiated its offer period, and is now available through a secondary market made by brokers W.I. Carr. Minimum initial investment in the fund was \$100,000.

### Large European companies marked by earnings per share growth estimates

		Market Capitalization (\$bn)	EPS (LOCAL CURRENCY)			EPS GROWTH		Share price (local currency)	
Ranking	Company	Country	1992	1991	1990	year 1-2	year 2-3		
1	Storehouse	Britain	1,367	0.10	10.75	13.40	10650.0%	24.7%	222.00
2	British Telecom	Britain	1,354	0.10	10.75	13.40	1700.0%	22.2%	237.50
3	Redoute	France	1,056	38.51	435.90	495.00	1031.9%	18.6%	910.00
4	Carrefour	France	852	3.37	37.50	34.46	805.4%	44.5%	625.00
5	ZENECA Group	Britain	1,161	11.07	52.10	56.55	370.6%	8.5%	796.00
6	Pharmacia	Sweden	1,144	0.22	0.40	0.48	354.5%	14.6%	794.00
7	Orkla	Norway	1,663	4.30	18.80	21.30	338.5%	12.7%	248.50
8	Sasea of Spain	Spain	1,040	29.00	29.00	29.00	238.4%	31.4%	1153.00
9	Standard Chartd	Britain	4,094	29.00	97.55	128.20	236.4%	31.4%	1153.00
10	Shell	Britain	1,743	0.10	10.75	13.40	215.0%	27.9%	397.00
11	Ericsson L.M.	Sweden	8,088	3.20	9.30	14.45	180.6%	55.4%	338.00
12	NatWest	Britain	14,893	12.00	33.25	55.55	160.9%	3.3%	594.00
13	Northwest	Britain	14,893	12.00	33.25	55.55	177.1%	67.1%	596.00
14	SCA Svenska Cellulosa	Sweden	3,050	1.91	4.90	7.30	166.7%	22.7%	404.00
15	SCA Svenska Cellulosa	Sweden	3,050	1.91	4.90	7.30	156.5%	49.0%	129.00

### Large Asian companies marked by earnings per share growth estimates

1	Miramar Hotel & Inv Co	Hong Kong	1,161	0.11	0.30	0.38	172.7%	26.7%	18.20
2	First Bangkok City Bank	Thailand	1,311	0.71	1.32	1.80	85.9%	21.2%	22.75
3	Shanghai-La Asia Ltd	Hong Kong	1,144	0.22	0.40	0.48	81.8%	20.0%	8.85
4	Hutchison Whampoa Ltd	Hong Kong	13,578	1.00	1.72	1.87	80.0%	64.0%	782.00
5	Sino Land Co Ltd	Hong Kong	1,776	0.46	0.71	0.77	54.3%	8.5%	7.00
6	IPC Corp. Ltd.	Singapore	1,180	4.10	6.00	7.30	46.3%	21.7%	185.00
7	Guoco Group Ltd	Hong Kong	1,707	1.65	2.32	2.69	40.6%	18.4%	366.00
8	Shun Tak Hides Ltd	Hong Kong	1,471	0.42	0.58	0.68	38.1%	13.8%	9.20

## Cashing In the Market's Year-End Bonus

By Conrad de Aenle

ONE of the few seasonal stock market phenomena that seem to hold up to analytical scrutiny and, better yet, can actually be taken advantage of by real people with real money is the January effect. This is the tendency in the United States — take a look at the current market — for share prices of smaller companies to outperform those of larger ones during the last few trading days of December and the first few of January.

Exploiting the effect involves buying small companies and selling big ones short at the same time. The way not to do it, says Mark Hul-

bert, editor of the Hulbert Financial Digest, is to use individual stocks. Commissions, and the spread in the buying and selling prices of smaller, more thinly traded shares can erode and even eliminate profits. And, of course, you can pick the wrong stocks.

The bid-asked spread can be a real killer. A stock that trades at \$5 a share might really be offered for sale by market makers for \$5.125, while the price at which they will buy the shares might be \$4.875, a difference of about 5 percent.

One way around these difficulties is to use funds. Transaction costs are cheaper, funds are diversified, of course, and their net asset values are calculated using closing prices. So even if the stock in the

example above can only be bought for \$5.125, it is valued at \$5 in a fund that holds it.

A strategy Mr. Hulbert mentioned in a recent issue involves buying an index fund of small-capitalization stocks and shorting a new invention known as Spiders, or Standard & Poor's 500 depositary receipts, which are essentially shares of an index fund traded on the American Stock Exchange.

Mr. Hulbert calculates that doing this on the first trading day after Dec. 19 and closing out the positions on the last trading day before Jan. 10 would have been profitable over the last five years. That's true even after figuring in commissions, but most of the gain would then have disappeared.

A better method, one that produced a gain in each of the last 11 years, is to buy a futures contract on the broad-based Value Line index and sell one on the S&P 500, holding the positions for the same three weeks. The profits ranged from 3.25 percent in 1985-86 in a whopping 67.5 percent a year ago. That assumes an initial margin of \$10,000. Transaction costs are not added in, but these would total no more than \$60 to \$70 using a discount futures brokerage.

"Despite the increasing attention to the January effect over the years, there appears to be no noticeable diminution in the profitability of this particular strategy," Mr. Hulbert writes.

But, he adds, in a warning for anyone contemplating such speculation, "this futures contract strategy will be too risky for some. Consider, for example, the strategy's potential profits and losses as a percentage of the \$10,000 initial margin you would need to set it up. If it moves unfavorably this year to the same extent it moved favorably last year (which is entirely possible, after all), then you will lose some 67.5 percent of the amount invested."

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## SPORTS

## Lions' Key vs. Packers: Sanders

New York Times Service

**PACKERS (9-7) at LIONS (10-6): KEY STAT:** Packers' Sterling Sharpe has NFL record 112 catches and team made 36 sacks in last 10 games; Lions have won 9 of past 14 at home vs. Green Bay and team had NFC best 14 players with at least one sack.

**COMMENT:** The Packers and Lions have met 127 times in the regular season — including Detroit's 30-20 victory last Sunday — but never in the playoffs. Both teams pressure the

## NFL MATCHUPS

quarterback effectively and the Lions were better in the last meeting; they forced four Brett Favre interceptions. The Packers must realize that less from Favre means more.

Expect Coach Mike Holmgren to make several changes in the Packers' game plan, especially trying to establish the running game more with Edgar Bennett, whose nine rushing touchdowns tied Emmitt Smith for second best in the NFC. But expect Lions' quarterback Erik Kramer to outplay Favre and for Barry Sanders' likely return to spark Detroit. Odds makers favor the Lions by 1 point.

**STEELERS (9-7) at CHIEFS (11-5): KEY STAT:** Steelers' Neil O'Donnell has 14 TD passes, seven interceptions and Steelers' overall defense first in AFC; Chiefs are 7-0 at home this season and 8-0 in all games where they rushed 29 times or more.

**COMMENT:** Pittsburgh makes its second straight trip to the playoffs in two seasons under coach Bill Cowher, while the Chiefs

## Coslett Fired by Jets

The Associated Press

**HEMPSTEAD, New York** — Bruce Coslett, who never had a winning season in four years with the New York Jets, was fired Friday as head coach and replaced by defensive coordinator Pete Carroll.

The Jets' general manager, Dick Steinberg, cited a disagreement in coaching philosophy about the way the offense would be handled. Coslett, 47, is the third NFL head coach fired since the season ended Sunday. The Redskins fired Richie Petitbon and the Falcons dismissed Jerry Glanville.

under coach Marty Schottenheimer make their fourth straight trip.

Last season, the Chiefs were ripped by San Diego, 17-0, in first-round playoff action; it was that game that forced Kansas City's brass to realize that its defense was one of the league's best but that its one-dimensional, run offense would get the team nowhere in the postseason. Enter Joe Montana. This is why Montana was acquired, in help take the Chiefs to the next level in the playoffs. Chiefs by 8.

**VIKINGS (9-7) at GIANTS (11-5): KEY STAT:** Vikings are 11-5 in road games under coach Dennis Green, 10-4 in such games outdoors, and the offensive line has not allowed a sack in club-record 14 straight quarters; Gi-

ants are 6-1 in last seven playoff games, and Phil Simms in eight postseason games has 10 touchdown passes and four interceptions.

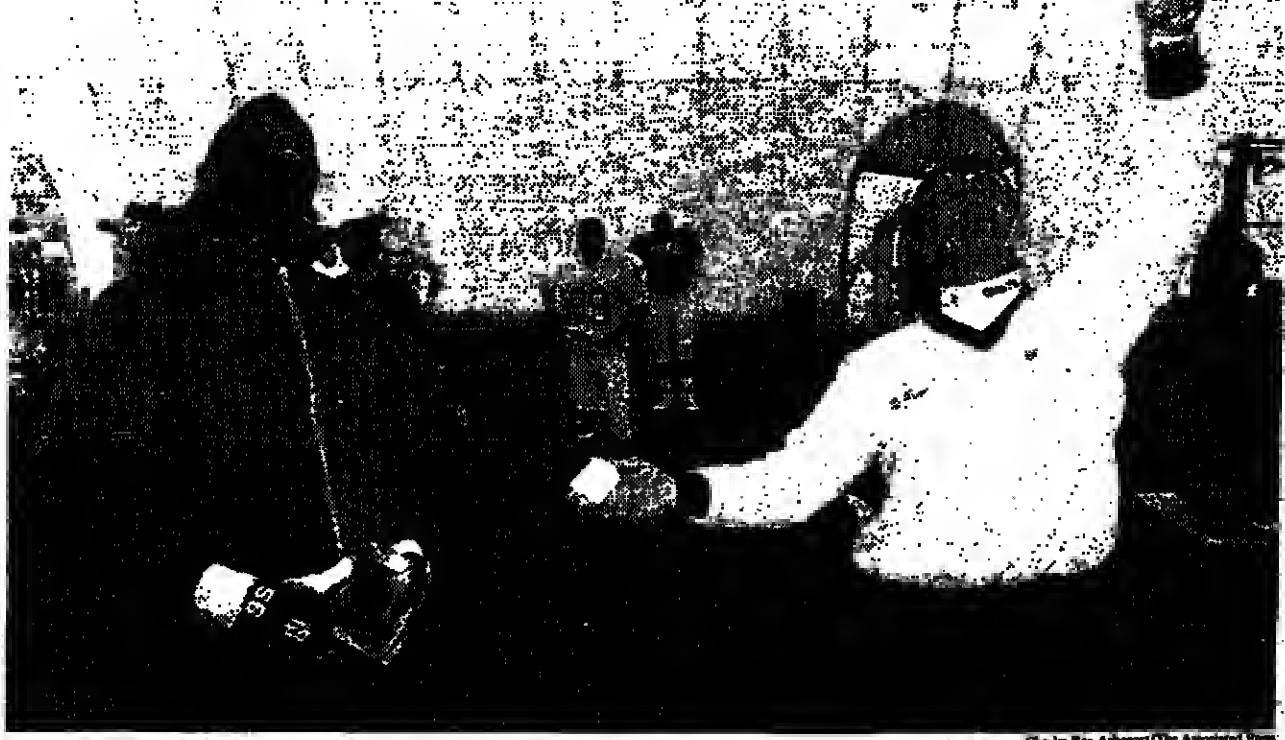
**COMMENT:** The Vikings have the physical stature on defense to stay with the Giants and the offensive continuity under Jim McMahon to mount consistent drives. The Giants allowed the fewest points (205) in the NFL this season, compared with Minnesota's 290.

How Minnesota handles Giants' rushing attack is the key factor. If the Giants run handily, they win. If the Vikings can handle the run, they are in the game until the final gun. Kick returner Dave Meggett and punter Mike Horan should be the factors that push Giants into the second round. Giants by 6½.

**BRONCOS (9-7) at RAIDERS (10-6): KEY STAT:** Broncos' John Elway led AFC in passing for first time in 11-year career, including career-low 10 interceptions, and tight end Shannon Sharpe made 81 catches; Raiders' Jeff Hostetler is team's first quarterback to pass for more than 3,000 yards since Ken Stabler in 1979, and he is 25-15 as a starter, 3-0 in the playoffs.

**COMMENT:** "I know we can beat this team," said Broncos' coach Wade Phillips after Denver lost, 33-30, in OT at the Los Angeles Coliseum last Sunday. Denver lost twice to the Raiders this season and has dropped six straight at the Raiders. The Raiders' speed and elusiveness at receiver gave the Broncos fits last Sunday. Raiders by 2½.

These matchups were prepared by Thomas George of The New York Times. Odds were provided by Harrah's.



During practice for Sunday's playoff game, Coach Dan Reeves challenged New York Giants linebacker Lawrence Taylor to hit the dome ceiling of their indoor training site in Piscataway, New Jersey, with a roll of tape. Taylor succeeded; Reeves, however, failed.

## Court Level, Trail Blazers Stop Hornets

The Associated Press

The Portland Trail Blazers came to town with their backcourt tandem of Clyde Drexler and Terry Porter out with sprained ankles.

But the playing field — or the court in this case — was leveled by the absence of the Charlotte Hornets' stars Larry Johnson, out with a sore back, and Alonzo Mourning, out with a sprained ankle.

In a matchup of the remaining healthy players, Portland came

## NBA HIGHLIGHTS

back from a 21-point deficit to beat Charlotte, 116-110, on Thursday.

Down by 20 at the half, Portland's coach, Rick Adelman, screamed at his team.

Portland forward Cliff Robinson got the message. He scored 21 of his 29 points in the second half.

The Hornets made a final 7-1 run after the Blazers took a 15-point lead on a jumper by Jaren Jackson with 2:48 left. Charlotte closed to 114-110 on Hersey Hawkins' 3-pointer with 32 seconds to play.

Knicks 92, Bucks 86: In Milwaukee, the Knicks seemed to stop playing with 5½ minutes left, and the Bucks, who once trailed by 21, went on a 17-2 run to get within 85-80, but John Starks made five straight free throws for New York.

Warriors 102, Spurs 98: In Oakland, California, the Spurs had 71 rebounds — the most in the NBA this season — and the Warriors missed 22 of 43 free throws, but San Antonio had 26 turnovers to Golden State's eight and the Warriors survived despite nearly blowing a 15-point lead with 2:58 to play.



Charlotte's Mugsy Bogues got past Cliff Robinson, left, and Rod Strickland, but Portland triumphed.

## W. Virginia Snubs Temple's House Rules

The Associated Press

It doesn't happen very often — 12 times in 11-plus seasons to be precise: Temple lost a home game. The seventh-ranked Owls were beaten by West Virginia, 49-47, Thursday on a rebound basket by Pervis Greene with two seconds

## COLLEGE BASKETBALL

to play. Since John Chaney took over as coach at Temple for the 1982-83 season, the Owls have a record of 96-12 at McGonigle Hall.

"We'll take it very gladly, no matter how it looked," said West Virginia's coach, Gale Catlett.

The pressure showed in the shooting. The Mountaineers (8-1, 2-0 Atlantic 10) were the better team at 37.7 percent. Temple (6-2, 1-1) was at 28.8. They also combined for 32 turnovers.

"There's going to be more like that," Chaney said. "I've been saying this. I've said all along that we

have problems with players inside." The victory was the Mountaineers' eighth straight since a season-opening loss to Virginia Tech.

Ricky Brunson, who finished with 14 points, tied the score 47-47 with a 3-pointer with 15 seconds left. West Virginia's Ricky Robinson rebounded an airball 3-point attempt, but was too strong with the follow. Greene, who scored 13 points, then put in the game-winning basket.

No. 4 Kentucky 84, Notre Dame 59: The Wildcats (11-1) won their ninth straight game, and tied a school mark with their 30th consecutive victory at Rupp Arena. Kentucky, led by Tony Delk's 16 points, forced a season-high 34 turnovers and led by 25 points five minutes into the second half.

The Irish (4-6) were led by Monty Williams with 19 points.

No. 6 UCLA 89, Oregon 73: Ed O'Bannon and Tyus Edney had 15 points each as the Bruins (8-0, 1-0

Pac-10) won their eighth straight over the Ducks and 26th in 29 meetings at Pauley Pavilion. Oregon (4-6, 0-1) scored the first two points of the second half to get within eight points, but were never closer. Freshman guard Kenya Wilkins led Oregon with 17 points.

No. 11 Louisville 80, South Florida 56: The Cardinals (10-1, 1-0 Metro) won their 10th straight behind a balanced attack led by Greg Minor's 19 points. Louisville's Clifford Rozier, who scored 14 points and had nine rebounds, left the game with 4:42 left with a right thigh bruise.

Jesse Salter led the visiting Bulls (7-4, 0-1) with 11 points.

No. 15 Wisconsin 71, Penn St. 56: The Badgers (10-0, 1-0 Big Ten) are off to their best start since 1911-12, when they won 15 in a row. Michael Finley had 23 points and visiting Wisconsin pulled away throughout the second half, leading by as much as 20. Michael Jennings led the Nittany Lions (7-3, 0-1) with

15 points and leading scorer John Amaechi was held to four points.

No. 23 George Washington 89, Rutgers 69: Yinka Dare had 20 points and 13 rebounds as the Colonials (7-3, 1-1 Atlantic 10) cruised at home to break a two-game losing streak. George Washington led by at least 17 points over the final 15 minutes. Wally Dixon paced the Scarlet Knights (3-6, 0-2) with 14 points.

No. 24 California 70, Washington St. 54: Lamond Murray had a career-high 36 points, the most for a Cal player since Mark McNamara had that many against UCLA in 1982. Murray was 10-for-12 from the field, including 4-for-4 on 3-pointers. Jason Kidd added 13 points, eight assists and five steals for the Golden Bears (9-2, 1-0 Pac-10), who won their sixth straight.

The visiting Cougars (10-3, 0-1), led by Tony Harris' 14 points, were held to a season-low in scoring.

## Baseball Revenue-Sharing Deal Eludes Owners

Compiled by Our Staff From Dispatches

**ROSEMONT, Illinois** — Neither snow nor fog nor cold kept major-league baseball club owners from their appointed rounds.

They made it to their first revenue-sharing meeting in nearly five months, despite bad weather. But after going round and round in various sessions, on Thursday they fell one vote short of adopting a plan that would bring peace among the owners and the start of labor negotiations with the players.

The owners, who several times during the day divided into three separate caucuses, took votes on four plans that would increase the amount of local revenue the clubs would share.

A plan proposed by the teams considered to be in the high-revenue bloc received only 11 votes, but an amended form of a plan put forth

by Richard Ravitch, the owners' chief labor executive, received 20 votes.

Adoption of a plan requires 21 votes. No one would disclose the identity of the eight clubs that voted against the Ravitch plan, but the high-revenue caucus Thursday comprised eight clubs: both New York teams, Los Angeles, Toronto, Boston, Baltimore, Colorado and St. Louis.

The debate will continue when owners reconvene in Fort Lauderdale, Florida, Jan. 17-19.

"I'd be a liar if I said I hadn't hoped we'd come to a conclusion today," Ravitch said. "We've been at it a long time and it would be nice if we got on to the main event of negotiating with the union."

Even if a plan is passed, it won't be implemented unless the Major League Baseball Players Association agrees to a salary cap. That is unlikely without a work stoppage.

"There will not be revenue sharing without a salary cap," said the Milwaukee Brewers' president, Bud Selig, chairman of the ruling executive council. "We all understand this is the first part of the equation, and the second will be a more difficult one."

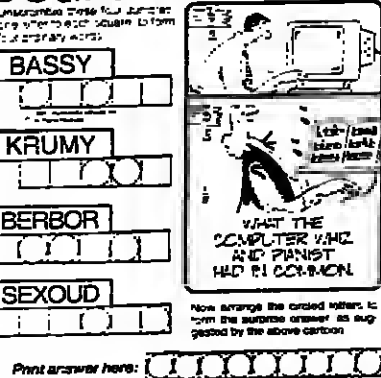
While teams divided into two sides in August, they split into three this time. In addition to the high-revenue bloc, Cincinnati, Milwaukee, Minnesota, Montreal, Pittsburgh, San Diego and Seattle formed the small-revenue caucus. The other 13 clubs were in the middle.

When the owners meet in Fort Lauderdale, they also intend to vote for a new commissioner. Harvey Schuler, the U.S. Olympic Committee executive director, and Arnold Weber, president of Northwestern University, are considered the front-runners. (NYT, AP)

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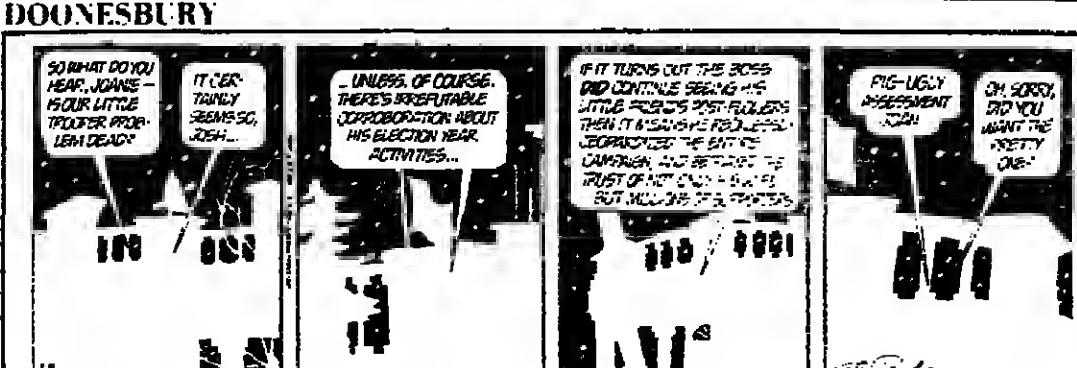
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## DOONESBURY



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## WIZARD of ID



## REX MORGAN



## GARFIELD



## SPOR

Violence on Time for Sports To Redouble the

DETROIT (AP) — The Detroit Tigers' victory over the New York Yankees in the American League Championship Series last night was a testament to the power of sports to bring people together. The Tigers' win was a historic moment for the city of Detroit, and it was a testament to the hard work and dedication of the players and coaches. The Yankees' loss was a disappointment for their fans, but it was a testament to the competitive spirit of the game. The game was a classic, with both teams playing to the best of their ability. The Tigers' victory was a well-deserved one, and it was a testament to the power of sports to bring people together.

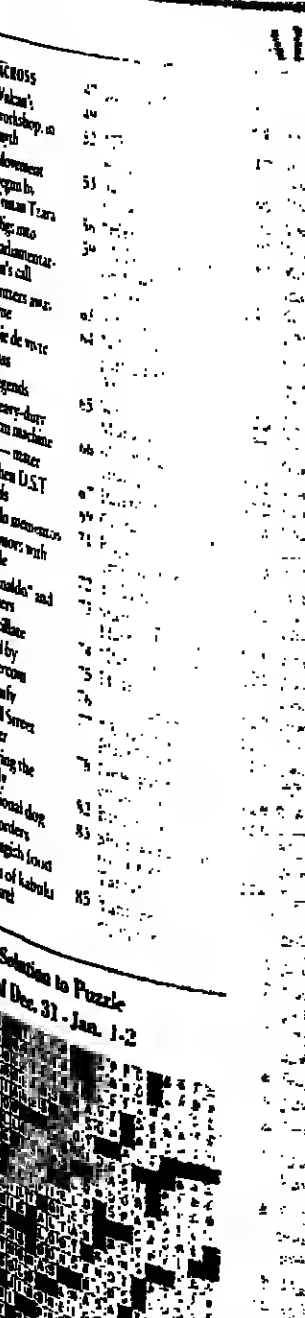
## SCOREBOARD

NBA Standings

Team	W	L
Atlanta	10	1
Boston	10	1
Chicago	10	1
Cleveland	10	1
Denver	10	1
Detroit	10	1
Golden State	10	1
Los Angeles	10	1
Memphis	10	1
Minnesota	10	1
Milwaukee	10	1
Monroe	10	1
New York	10	1
Oakland	10	1
Philadelphia	10	1
Pittsburgh	10	1
Portland	10	1
San Antonio	10	1
Seattle	10	1
Utah	10	1
Washington	10	1
Wichita	10	1

## SOLUTION TO PUZZLE

of Dec. 31 - Jan. 1-2





## SPORTS

Violence on Athletes:  
Time for Sports World  
To Redouble the Guard

By George Vecsey

New York Times Staff

DETROIT — Robert Altman caught it perfectly in the climactic scene of his masterpiece film, "Nashville," when a couple of dozen characters converge on a concert, and the most anonymous, the least interesting character, suddenly commits violence on the neurotically compelling star.

Altman understood the dangerous aura that surrounds a star, particularly a female star, but the people who run sports have been slow to comprehend the fierce passion that grips the mindless fringe "fans" there. Now they may be getting a few glimpses.

As of this writing, we do not know anything about the man who whacked Nancy Kerrigan in the leg.

Thursday, threatening her bid for a national figure-skating championship and a place in the Olympic Winter Games. The man was able to bolt right up to her and hit her with something hard, enough to send her tumbling to the red carpet, screaming as she went down.

How could a stranger get this close just when Kerrigan had finished an "open" practice?

The guards at the arena inspect our reporters' badges and make sure we don't wander into forbidden zones, so it makes you shudder to think how much somebody must hate another person to stalk her to the edge of her dressing room. And it is not the first warning.

Last April, a loner named Gintere Parhe swarmed out of the stands at a tennis tournament in Hamburg and stabbed Monica Seles in the back. The knife penetrated only an inch or so, but it was enough to kill her, just enough to keep her out of tennis ever since.

The man with the knife was a Steffi Graf fan who just wanted to make sure his favorite player advanced in the rankings. He got a suspended sentence, which only told me that German judges can be as myopic as their American counterparts.

The tennis players know there are some strange people out there. They talk of the remarks, the hard-breathing calls on the phone, the letters, the stalkers who appear from nowhere, psychological flashers.

This wasn't exactly a surprise in figure skating, either. Tonya Harding had to abandon an event last year after receiving death threats.

Athletes and performers and politicians appear in public all the time under death threats, but the man with the blunt instrument was a real threat.

We can't begin to fathom the emotions triggered off by a woman who performs in public. There are millions of dollars to be made from that visceral impression that Diana Ross or Barbra Streisand or Madonna is singing directly to you or me.

Is it getting out of hand in sports? And are you and I implicated?

Athletes are being judged on their performance and their persona. I've had fun with Seles' giggles and her accent and her infant self-promotion when she was halfway through her tennis.

Should I feel guilty? Does the German sporting press feel guilty for turning Graf into an eagle?

KERRIGAN appears to be a shy, vulnerable young woman who is not quite convinced she is a great skater or a rising beauty, but she performs in a whirl of filmy costumes and bright colors and layers of makeup and bright lights and pounding music and critical judges and fans and writers.

I once described a Kerrigan gown as being borrowed from the movie "The Bride of Frankenstein." I thought it was a funny line at the time.

It's what we're expected to do in the sports business these days. We're one-line artists, rubbing heads, backing "I Love L.A." on the talk radio.

The assassin "out there" hardly needs encouragement from us. I hate it when guards and ushers make me show my credentials, but I'm going to be a little more tolerant.

No Comeback  
For Seles at  
Australia Open

New York Times Staff

MONICA SELES, who has not played a match since she was stabbed in the back on April 30 while competing in Hamburg, announced that she would not play in the Australian Open later this month.

Seles, No. 1 at the time that she was stabbed by a fanatical supporter of Steffi Graf, would have been attempting to win her fourth consecutive Australian Open, the Grand Slam event in which she holds an unblemished record of 21-0.

Seles has not set a timetable for her return but in the past had indicated that if she were forced to miss the Australian, she would not hurry back.

The player, 20, had recently accelerated her practice and training sessions in an attempt to be ready for the Australian, which starts Jan. 17. But Seles, now ranked eighth, said Thursday that she thought she owed it to herself and her fans not to return until she can play at the level that has come to be expected of her.

Her representatives, International Management Group, said there was no connection between her withdrawal and the attack on Nancy Kerrigan.

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Jana Novotna stretching for a return in her victory over Anke Huber in the Hopman Cup final Friday.

Czechs Topple  
Germans to Win  
Hopman Cup

The Associated Press

PERTH, Australia — Petr Korda swept aside the challenge of Bernd Karbacher in just 67 minutes on Friday to lift the top-seeded Czech Republic to victory over Germany in the final of the Hopman Cup team tennis championship.

Korda trounced Karbacher, 6-3, 6-4, to give the Czechs a winning 2-0 lead after Jana Novotna defeated Anke Huber, 1-6, 6-4, 6-3, in the opening women's singles.

Korda celebrated the victory by ordering champagne to be served outside during the mixed doubles, which the German pair won 8-3 in a pro set.

Earlier, Korda was far more ruthless.

He won seven straight games from 3-3 in the first set, taking a stranglehold on the men's singles.

Karbacher, ranked 54th in the world, tried to slug it out with left-hander Korda, but could not match the Czech's power or accuracy.

Korda, who won the Grand Slam Cup in Munich in his final match of 1993, began the new year by adding

another title to his rapidly growing collection.

He hit his groundstrokes with tremendous venom and was devastating when he advanced to the net.

Korda, who is ranked 12th in the world, was unbeaten in singles throughout the week and underlined his supremacy over Karbacher by winning 12 of the last 15 points in the first set.

"It is a great start to the year for me," Korda said. "I'm healthy and I'm enjoying my tennis."

The German appeared hampered by a hamstring injury during the second set. He rallied briefly, saving a match point and breaking back after Korda led 5-2.

Karbacher got back to 4-5, but attack-minded Korda then held serve to 30 for the victory after squandering a further two match points.

"I tried everything, especially at the end, but I felt like a spectator on court," said Karbacher. "If he's playing this well there is no chance you can do. He's playing some of the best tennis you can imagine, so there is no shame in losing to him."

Novotna, in contrast, took almost two hours to grind her way to victory over Huber in the women's singles.

The 19-year-old German blasted her way through the first set in just 33 minutes, but Novotna then clawed her way back with some accurate serve-volley tennis that included seven aces.

"I just hung in there and tried to be more aggressive and that paid off in the end," Novotna said.

Huber tried to vary her game and hit some effective backhand winners, but the powerful Novotna made fewer errors in the decisive set, winning the last four games.

Huber had her chances, but converted only one of her five break points in the final set.

"Anke played some short balls and used the angles well, so it was very tiring," Novotna said.

The loss was Huber's first in four Hopman Cup singles, while Novotna improved to 2-1 this week.

(AP, Reuters)

## SKATER: Kerrigan, Injured by Attacker, Forced to Withdraw From U.S. Championships

Continued from Page 1

championships or did not win a medal in the previous world championships. Although Kerrigan was fifth at the 1993 world championships, she was a favorite for a medal at the Lillehammer Games next month.

But the U.S. Figure Skating Association president, Claire Ferguson, said the organization's international committee could place athletes on the Olympic team. The top two finishers at the national championship qualify for the Games.

"Certainly there is a rule that would allow for the committee to pick the members for the Olympic team," Ferguson said.

Kerrigan, 24, suffered a bruise on her right knee when an unidentified man hit her with a heavy bar

on Thursday after a practice session at Detroit's Cobo Arena. The doctor said there was no fracture.

Bradley said Kerrigan was examined on Thursday evening and again Friday. Based on those examinations, doctors determined that it would be better for her to rest.

"She was not able to bend the knee fully," Bradley said. He added that she would undergo a magnetic resonance imaging scan early next week to determine the extent of the damage, but that she could heal in time to compete in the Olympics.

It was the second attack on a major athlete in less than a year. In April, Monica Seles was stabbed during a tennis match in Germany and still cannot compete.

Kerrigan's coach, Evi Scottvold,

said Kerrigan was "very determined" to skate in the Olympics.

On Thursday, Kerrigan was doing what she had done a thousand times, going through her program in practice on the eve of an important competition.

Stepping off the ice, she stopped to talk to a reporter. A stranger approached and, in a flash, the secure world of figure skating was shattered. Kerrigan crumpled to the ground, screaming, "God, why me? Why me?"

Kerrigan's father, Daniel, picked her up and carried her off.

The assailant escaped by using the instrument to smash a Plexiglas door, which was chained shut, and disappeared into a crowd.

Kathy Smart, a skating coach, said she saw the man videotaping the practice session. She said he

was "sweating a lot," but he also appeared to be wearing a credential.

On Friday, the police revised their description of the assailant, saying two witnesses believed he was a light-complexioned black man.

The police originally said they had been searching for a white man wearing a black leather jacket.

"How do you get out there after someone's done that to you?" wondered another skating coach, Frank Carroll, who had unknowingly identified Kerrigan to the assailant minutes before the attack. "How do you concentrate on the triple lutz-double toe loop when you don't know what kind of madman's out there?"

## SIDELINES

Two other female skaters have been targets of threatening behavior.

In November, Tonya Harding had to forgo competing in an event in her hometown of Portland, Oregon, after a death threat was phoned to the rink.

And the German skater Katarina Witt was harassed by a man who sent her obscene and threatening mail. He was convicted in 1992 and was sentenced to 37 months in a psychiatric facility and ordered not to contact Witt.

Witnesses to the attack on Kerrigan said there was little security at the arena. Joan Ryan, a reporter for the San Francisco Examiner, said reporters were able to enter the area without being checked.

(AP, Reuters)

## SCOREBOARD

## BASKETBALL

## NBA Standings

Team	W	L	Pct.	GB
Atlanta	20	12	.625	
Charlotte	18	14	.563	2
Chicago	17	15	.529	3
Cleveland	16	16	.500	4
Indiana	15	17	.469	5
Los Angeles	14	18	.438	6
Minnesota	13	19	.406	7
Orlando	12	20	.375	8
Philadelphia	11	21	.344	9
Pittsburgh	10	22	.313	10
Portland	9	23	.282	11
Sacramento	8	24	.250	12
San Antonio	7	25	.219	13
Seattle	6	26	.188	14
Utah	5	27	.157	15
Washington	4	28	.125	16



